her trip. he royal Wall Street has been be much attention lately be Stone, director of whi says that this film is know then his earlier movie scheduled for release WYONE OF tour of wife, Di-Briam best one 5 COmmit-"All of a sudden everybe soce and Porsche or a VCR or the alistanu i And this is what head He said more and more great in for the Premiere magazine y officers deanwhile

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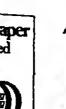
SERVICES THE WAR PENEW YORK LOW COST FLIGHTS

ACCESS VOYAGES O- 80

■ Japanese institutions are at a loss about how to protect their investments.

Special Today

In the nucertain market climate, investment strategists are advising clients that safety comes first. Personal Investing, pages 7-11.



A STATE OF THE STA

ESTABLISHED 1887

PARIS, MONDAY, NOVEMBER 9, 1987

A Judge's Brief, Stormy Trial A'Modern' Man, A Clash of Values

in Paris, London, Zurich

No. 32.567

By Robert G. Kaiser Washington Post Service
WASHINGTON — "My God, this is embarrassing," a well-connected Republican groaned. "I mean, this is horrible — it is not good for the country."

The sudden withdrawal of Douglas H. Ginsburg's nomination to

Even before Judge Ginsburg could announce withdrawal of his nomination, other political figures

were rushing to confess their own past flirtations with marijuana Judge Ginsburg's self-immolation was a profoundly embarrassing development for a president whose leadership was already under fire from many quarters in Washington, on Wall Street and

Kiosk

Walid Khaled announc-

ing Sunday that eight Israelis were being held.

Terrorist Group

Claims It Holds

Israelis Hostage

BEIRUT (AP) -- The Abu

Nidal Palestinian terrorist

group said Sunday that its guer-

rillas had seized a French regis-

tered-boot off the Israeli-occu-,

pied Gaza Strip and were holding the eight Israelis on

board as hostages. Walid Khaled, a senior Abu

Nidal lieutenant, told a news

Beirgt that the captives - three

men, three women and two chil-

dren - were unharmed. He

said all eight captives are Israe-

Mr. Khaled warned that their

lives would be "in danger" if

Israel retaliated for the seizure.

He declined to say when the

wessel was stormed.
"We're waiting for a contact

from the International Com-

mittee of the Red Cross so that

Red Cross representatives can

see the hostages," Mr. Khaled said in an interview later in Bei-rut's Mar Elias Palestinian refu-

"The captives have been

transferred to one of our mili-

tary bases where they are being

interrogated after being given

the necessary medical and hu-

The Israeli Army denied

knowledge of the reported hi-jacking. The French Foreign

Ministry in Paris said it had no immediate comment.

MONDAY Q&A

Lord Carrington, the

secretary-general of

NATO, reflects on what

the INF treaty will mean

for the alliance. Page 2.

The United States, in a shift

is considering direct talks with

Denver was unset Sunday by Buffalo, 21-14, in the National

Page 19.

Page 13.

GENERAL NEWS

Football League.

BUSINESS/FINANCE

Nicaragua.

manitarian aid," he said.

lis with dual nationalities.

from friendly governments abroad. Ginsburg Drops for Attorney General Edwin Meese 3d, who had pressed the choice on President Ronald Reagan, and for Judge Ginsburg, a man now destined to go into history as the onetime dope-smoker who could not

conflicting strains of the modern American culture — in this case, the reality of widespread drug use vs. puritan, often-bypocritical moralism. Judge Ginsburg is another victim of this year's public fixation with private lives. with private lives.

He was the point man for a generation of Americans who are reaching the age when they will be asked to run society's institutions. It is the '60s generation, whose See DRUGS, Page 5

Two Democrats seeking the presidency said they had smoked marijuana. Page 5.

High Court Bid

WASHINGTON - Under pres sure from administration officials leap over his own past and society's and his own conservative supporthighest court.

But this was more than a political matter. It was a collision among conflicting extrains of the mation's ers on Capitol Hill, Judge Donglas H. Ginsburg has asked President Ronald Reagan to withdraw his nomination to the Supreme Court.

The judge acted after a string of disclosures about his personal life and ethical conduct had caused a storm of criticism. The White House and the Justice Department now must again a search for a nominee whose credentials can sat-isfy Republican conservatives and still permit confirmation in a Democratic-controlled Senate.

If the task was difficult before Judge Ginsburg's withdrawal after his admissions of smoking marijuana, it has since become much more

Angry conservative lawmakers See COURT, Page 5

Market Crash Spotlights The West's Empty Stage

By Reginald Dalc

PARIS - More than three weeks since the international stock markets ran up the curtain on "The Great Crash of 1987," a group of key players is still missing from

NEWS ANALYSIS center stage: the leaders of the

Western world. Efforts to control the crisis have been left largely to a supporting cast of Treasury ministers and cen-tral bankers who have sometimes

seemed more interested in finding a culprit than a cure. ing the first real test of its economic

and uncertain era. The period of upqualified U.S. ponents. dominance of the world economy is over, they say, but other countries garet Thatcher, though n strong

Helmut Schmidt, the former In Japan, Prime Minister No-West German chancellor, is one of boru Takeshita has only been in suffering from a "leadership vacu-

By Fred Hiarr

Washington Part Service
TOKYO — The newly formed

Japanese government has urged the United States in unusually strong

terms to get its economie house in

order and do its part to support the

Prime Minister Noboru Take-

shita, who took office Friday, and

his newly appointed deputy prime minister, Kiichi Miyazawa, both

said Sanurday that they expected the United States to abide by an

international agreement on stable exchange rates. The White House has recently indicated that it will

allow the dollar to slide rather than

jeopardize the U.S. economy. Mr. Miyazawa, who kept his job

as finance minister while assuming

the No. 2 post, was particularly

harsh in urging Washington to re-duce its budget deficit. He said in

an interview with Kyodo news ser-

vice that Japan had done its share

to solve the world financial crisis

by stimulating its economy and

keeping interest rates low.
"If others have new demands to-

U.S. to Support Dollar

level, there is nobody in charge. Mr. Schmidt believes that the

vacuum has existed for at least two years and is largely responsible for the "ridiculous" international eco-nomic policies that provoked the collapse of stock prices. "We are a convoy of ships without an admi-Normally in times of crisis the

other Western countries would look to Washington for leadership. But it is hard to find anyone, in Europe or the United States, who now believes that President Ronald Reagan is capable of providing it.

Nor is it easy to see where else to turn. In France, President François Many economic and political anturn. In France, President François alysts believe that the West is fail-Mitterrand is hamstrung by the "cohabitation" arrangement that leadership as it moves into a new forces him to share power with a government led by his political op-

are as yet impulling or unable to personality, is more of a national take up their share of the burden. In Japan, Prime Minister No-

many who agree that the West is office since Friday and has yet to See VACUUM, Page 15 Japanese Leader Urges

they say something."

increase. Page 3.

The White House is reported

ready to negotiate on a tax

its deficit and support the dollar.

See JAPAN, Page 5

Tunisian Deposed and Held Under Guard

diplomatie sources said, he was

said to be considering a new trial

for a group of Islamic extremists, seven of whom were sentenced to

death in September on charges of

Mr. Bourguiba was reliably re-ported at the time to have sought a

death sentence for at least 20 of

those on trial, seeking to set an

example for fundamentalists op-

he has installed. The relatively small number of those sentenced to

death was seen as a victory for

Tunisian officials who feared large-

scale executions would sully the

country's reputation and increase

Mr. Bourgiba named Mr. Ben Ali prime minister las, month. He

- Mr. Ben Ali said he had orga-

to evaluate Mr. Bourguiba's ability to continue as president. The new

the doctors said they had decided ing this period."
that "his state of health no longer Tunisia's neighbor.

resentment against the president

had been interior minister.

uons of his office."

posed to the moderate Islamic state

plotting against the state.

One of the wounded persons in the Northern Ireland bombing being transferred to a hospital.

The Assumited Poes TUNIS - Habib Bourguiba,

who was deposed early Saturday as president of Tunisia, was under armed guard Sunday at the presi-dential palace in the suburb of Carthage, the government said, ft was the first official comment

on Mr. Bourguiba's whereabouts since he was removed from office by his successor under the constitu-

The assumption of the presi-

dency capped a rapid rise for Tunisia's new leader, Page 5.

tion, Prime Minister Zine al-Abi-dine Ben Ali, Mr. Ben Ali said Mr. Bourguiba was senile.

Hedi Baccouche, whom Mr. Ben Ali appointed prime minister after ng himself president, told Tunisian radio that Mr. Bourguiba, who is at least 84, was being cared for by a niece, Saida Sassi, 62.

 Period of Uncertainty Edward Cody of The Washington Post reported from Tunis:

Mr. Bourguiba, who led Tunisia to independence from France in 1956 and had ruled it with an iron

ward Japan," he said, "we want without a struggle by the tough-them to get their jobs done before minded former general who was his prime minister. Mr. Miyazawa also likened Mr. Ben Ali, 51, said he would Washington's reliance on a weak- open the way for political parties

dollar policy to a dependence on and other organizations to participate in running the country under popular sovereignty." conference since succeeding Yasu-hiro Nakasone, was more diplo-He pledged in a statement to install a "responsible democracy" to replace Mr. Bourguiba's autoc-

racy, but he stopped short of a The removal of Mr. Bourguiba opened a period of uncertainty in a

country noted for moderation and maric in his comments. He said he friendly relations with the United would strive to improve U.S.-Japan States and Europe as well as with relations, which be said would reother Arab countries. main the cornerstone of Japanese

Mr. Bourguiba, who for some time had shown signs of his ad-But Mr. Takeshita, a former fivanced age, had acted in a particunance minister, also made it clear that he expected Washington to cut larly erratic manner in the past week, diplomatie sources said. After naming a new representative to the United Nations and announc-The Bank of Japan has bought billions of dollars in recent weeks ing his choice, for example, he changed his mind a few days later trying unsuccessfully to bolster the sagging currency. A falling dollar as if nothing had happened. Perhaps more important,

the Arab order."

Hussein Warns Arabs on Disunity

nized a commission of six doctors the presidency from Habib Bourguiba, who was deposed.

government issued a communique nisia under its new government. Rourguiba, who was named presi-in the commission's name in which We hope that calm will prevail dur-dent for life in 1975, grew increas-

Tunisia's neighbors, Algeria and

permits him to carry out the func- Libya, welcomed the takeover, as era we live in can no longer stand

In Washington, the State Decies reported.

Mr. Ben Ali strongly indicated a state from which the people finds to maintaining the traditional ties desire to see political life broaditself excluded."

AMMAN, Jordan — King Hussein opened a meeting of 16 Arab heads of state Sunday night, warning that a disunited and weakened Arab world could not stop the Gulf War from spreading and could not solve the Arab-Israeli conslict.

Hussein, who spoke for an bour to a closed session of delegations representing 21 Arab League countries, called on Arab leaders to stop using "profit and loss" motives to determine national interests.

By Patrick E. Tyler

Washington Post Service

He also called for Egypt's reentry into the league, saying that its absence "further contributes to weakening the underpinnings of

on the king's remarks. The closed until Sunday whether Libya would session adjourned after Hussein's send a delegation. Colonel Moanspeech and was to resume Monday. mar Gadhafi had announced that

Zine al-Abidine Ben Ali waving in Tunis after taking over

did France and Egypt, news agen- for a president for life, nor an auto-

Iraq seeking a strong condemnation of Tehran and an endorsement of an international arms embargo against Iran. It is believed that Syria will seek a call for the withdrawal of foreign fleets from the Gulf, a position that Iran and the Soviet

Union also advocate.

Although King Fahd of Saudi
Arabia and King Hassan II of Morocco did not attend the summi meeting. Jordanian officials expressed satisfaction at the turnout The Saudi delegation was headed by Crown Prince Abdallah; Hassan's 24-year-old son headed Mo-

The Jordanian foreign minister, rocco's delegation.
the Taher al-Masri, briefed reporters Jordanian officials did not know

Syria and Iraq were expected to be would not attend. When the submit proposals Monday, with conference opened, Libya's seat was filled by Major Abdel Salam Jalloud, Colonel Gadhafi's deputy, who arrived via Damascus.

ingly intolerant of opposition.

Mr. Ben Ali declared that "the

Jordanian officials said the presence of the Syrian president, Hafez al-Assad, and President Saddam Hussein of Iraq would enable the participants to deal with the most urgent Gulf War issues.

Svria continues to support the war effort of non-Arab Iran. Much of the summit meeting will be devoted to trying to reach an Arab consensus on support for the en-forcement of a UN cease-fire resolution, which calls for an arms em-

See ARABS, Page 5

Bombing Kills 11

Blast Wounds 55 At a Ceremony For British Dead

The Associated Press

ENNISKILLEN, Northern Ireland — A bomb killed 11 persons and wounded 55 at a memorial cer-emony for Britain's war dead on Sunday in the deadliest Irisb terrorist attack in five years. The police said that six women

and five men were killed, including three married couples, and that many of the wounded suffered serious injuries. At least 13 of those burt were children from 2 months to 15 years old. Britain's Northern Ireland secre-

tary, Tom King, flew in Enniskil-len, 65 miles southwest of Belfast, to survey the damage and visit the wounded. He said the device was a 30-pound bomb of homemade ex-

"The outrage has scarred the face of Ireland," be said, "and there is no place on the island for people with this sort of depraved mental-

It was the worst terrorist attack

in Northern Ireland since December 1982, when a discothèque patronized by soldiers was blown up. killing 11 troops and 6 civilians. No group took responsibility for Sunday's bombing, but suspicion focused on the Irish Republican

Army, which is fighting to end British rule in Northern Ireland. The bombing, bowever, brought

expressions of regret from the local branch of Sinn Fein, the outlawed IRA's political wing. Paul Corrigan, chairman of Fer-

managh District Council, said in a statement that Sinn Fein was shocked by the loss of life. He added that Sinn Fein members "do not expect to escape the consequences of this explosion — even if the IRA were not involved." A police statement said the

bomb went off in a community center near the War Memorial in Emiskillen. The bomb blew out one end of the building, which collapsed and trapped a large number between the United States and Tu- ened after years during which Mr.

of people who were standing outside waiting for the ceremony to A.M. just as a parade of military personnel, bands and civilians was

assembling in the County Fermanagh town, 10 miles from the border with the Irish Republic. The ceremony was to bonor Brit-

ons and members of the Commonwealth who died in World War 1 and World War II and in the last 19 years of sectarian violence in Northern Ireland.

Similar Remembrance Day services were held throughout Britain.

The head of the Church of Ireland, the Right Reverend Robert Earnes, went to the Enniskillen hospital. "If anyone ever had any doubts at all what terrorism can do," be said in a BBC radio interview, "I just wish those who planted this bomb could see what I'm seeing at this moment."



Andrei D. Sakharov and his wife, at their home in Moscow.

Sakharov Is Out of Exile but Still in Limbo

By Bill Keller New York Times Service

MOSCOW - On a typical day, two or three supplicants find their way to the unmarked spartment of Andrei D. Sakharov.

Some want his endorsement, like the con

man who recently showed up on the doorstep claiming to have invented a perpetual motion machine. Most want his influence, believing that a Sakharov telegram or news conference carries magical force against the arbitrary power of the authorities. "Of course there is absolutely nothing I can

do to help them," the physicist said dolefully the other evening over tea and pastries in his living room. "It can be very upsetting. Some-times it knocks me off balance for the rest of the day, and I can't get any work done." More than 10 months after he was freed from

internal exile in the city of Gorky, which is closed to foreigners, the Nobel Prize-winning human rights advocate lives with greater liberty, but still in a kind of limbo. He is allowed to pursue his work in theoreti-

cal physics, but he has been denied permission to go abroad. He is available to visiting dignitaries and occasionally to the foreign press. Mr. Sakharov, 66, remains a revered figure for dissidents, but his age and poor health have curtailed his activities in human rights.

Occasionally he sends a telegram or holds a news conference on behalf of a political prisoner, and no visitor leaves his apartment without bearing an appeal for those still in the labor influence remains to him. And he is partly estranged from the severest

critics of the Soviet system, especially those who have emigrated to the West, because he urges support for Mikhail S. Gorbachev, the Soviet leader, as the best hope for change. The other evening a visitor could sense that

Mr. Sakharov's optimism had been severely tested. Progress on buman rights has fallen short of his standards, and he sees the changes that have taken place as being precarious. His face sagged when he was told that two former political prisoners, Sergei L Grigoryants and Lev M. Timofeyev, had been detained by

the police a few hours earlier, they were released later that day.

"This disturbs me," he said of the detentions, adding that "it reminds me of 1972," a period of

heavy repression. "The times are changing slowly, and in some ways, not at all," he said, then caught himself at the brink of pessimism. "But the changes are

Soviet officials seem to encourage his meetings with foreign visitors, knowing he will tell them that the changes are not merely cosmetic and that unless Mr. Gorbachev succeeds the Soviet Union will revert to repression and military adventurism.

Mr. Sakharov sees something in the Soviet leader that Mr. Gorbachev himself has never publicly expressed, the possibility of a system merging what the physicist regards as the economic justice of socialism with the liberties of capitalism, of which he has long dreamed.

The Soviet public has had only a few limpses of Mr. Sakharov since his release. In February he was invited to appear at an international forum in Moscow, and a few of his comments supporting disarmament and oppos-ing the U.S. strategic defense initiative were later televised.

In an interview last week with Moscow News, Mr. Sakharov, one of the developers of the Soviet hydrogen bomb, commented at length about a recent television film on Soviet and U.S. rocket programs, disclosing, apperently for the first time in the Soviet press, that Klaus Fuchs, a German-born scientist, "transmitted to the U.S.S.R., both during and after the war, highly important atomic secrets out of ideological conviction."

Fuchs was convicted in 1950 of having given

British and U.S. secrets to the Soviet Union. Mr. Sakharov said he had been denied permission to accept invitations to speak in the United States, Canada and Western Europe on the ground that he once had access to secret

The other evening he was told that a poll of Muscovites found strong disapproval of freeing political prisoners. He seemed disappointed.

"Andrusha," his wife said gently, "that sur-prises you? We know a large majority of people deeply hate people like us, because we can say what we think, and they cannot."

The security outlook in Europe after an Intermediate Nuclear Forces treaty eliminating medium- and shorterrange nuclear missiles preoccupies Lord Carrington, the secretary-general of the North Atlantic Treaty Organization. At his Brussels headquarters, he talked to the IHT's political correspondent, Joseph Fitchett, about the West's defense agenda.

Q: Do you see risks in the proposed INF treaty?

A: This agreement will change the landscape of European security considerably, perhaps as profoundly as any develnt in a generation. It is no green light for nuclear disarmament in Europe we should not simply keep nur foot on the accelerator. But we can be mature enough to accept a good disarmament success when we have one.

Q: After an INF treaty, what is likely to be the next security development? A: The issues next year are going to be complicated by the U.S. presidential elections. I hope the Soviet Union won't regard the elections as a bar to discussions. They may be a bar to ratification. tinental missiles], which are the negotiations now most in the minds of the NATO countries and are probably the priority next year.

Q: After an INF treaty, many analysis expect Mikhail Gorbachev to launch a campaign of disarmament initiatives next spring in color the political climate in Europe. Do you agree?

MONDAY Q&A

A: Of course he will. He will bombard public opinion with proposals. We've already had lots. In point of fact, many of them - like the INF agreement - are Western proposals that his predecessors rejected. Others of his suggestions sound superficially appealing, but aren't really

with the Soviet Union, which, thank goodness, has become a more active negotiating partner. But we mustn't overemphasize arms control talks to the point of neglecting issues such as human rights, ing measures, which go to [reducing] the basic distrust between the two sides.

Q: Are you worried about a public perceptinn that NATO is becoming merely reactive and is losing the initiauve, particularly in arms control, to a more imaginative Soviet leadership?

A: We all know this is untrue. It is the West that has produced serious proposals

the double-zero solution to INF missiles, the 50-percent ent in START. NATO is slower to get our act together because we're democracies. But we dohave to do better in putting our positions

across to our publics.

Q: The Soviet Union seems likely to gest troop cuts in Europe soon. Is NATO going to be fast enough in offer-ing proposals on conventional arms re-

A: We shall have proposals. But the problem is infinitely more complex than nuclear disarmament, where you count the weapons and then decide what to do. In trying to reduce the confrontation in central Europe, you're talking about ge-ography from the Atlantic to the Urals, about men, weapons systems - and dozens of nations instead of just two super-

regional conflicts and confidence-build- powers. I don't expect a breakthrough on conventional arms control soon.

> O: Is disarmament the main Western priority for oext year? A: We have to keep looking at the Warsaw Pact's formidable capabilities in

> Europe. So while trying to reduce the imbalance and overall level of weaponry by arms control, we've got to improve our own capabilities. The main priority in this respect is better cooperation among alliance countries in developing new

Q: It's an old theme at NATO, which appears even more urgent now with worsened economic prospects after the stock market crash. Is there any reason for optimism now?

A: The most hopeful development is the realization by European governments — all of them — that the sophistication and cost of modern conventional weapons is so great that there is no way that any one country can do it all themselves. That's making all the European countries want to collaborate industrially on de-

And we have to pay more attention to the NATO commanders' priorities about the new arms they will require. I'm trying

tively and not just nationally and in the light of each service's wishes, about what oew weapons the alliance as a whole is going to need.

Q: What kind of problems do you anticipate your successor, due to take over at NATO next year, will face? A: Money for defense: Since alliance countries on present projections cannot remotely match the Soviet Union, we

must get more far our money.

Trans-Atlantic relations: U.S. feelings that Europe is not spending enough on defense, accusations about protection-ism, the falling dollar — all nf these are factors that make people in the United States and in Congress look again at their commitments, so Europeans must realize that they are going to be required to do

He will face a new problem in this respect: the more successful arms control negotiations are, the more vital it becomes to make our constituents realize the need for prudence. We have to remain cautious until the Soviet Union reduces its capacity for offensive opera-tions closer to the level of weapons it needs for defense.

WORLD BRIEFS

Dispute Preceded Thailand Air Crash

BANGKOK (AFP) — The crash of a Thai Airways plane at Phales Island that killed all 83 people on board in August followed a dispute between the control tower and the pilots over landing priority and clearance, a transcript of their taped conversation published here has B. Mariana PURINCTON Research in the second second

The transcript of the final conversation between the Thai Airways Boeing 737 and Phuket airport was carried in a report in the progovernment Bangkok Post newspaper on Friday and confirmed as accurate by airline officials Saturday.

According to the transcript, the pilot of the That plane believed that a plane belonging to Hong Kong Dragon Airlines was trying to land in front of him. "They are trying to sneak in," the transcript quotes the That Air pilot as saying. The accident occurred during discussions as to which plane was entitled to land first.

Italy Votes on Nuclear, Judicial Issues MOME (Newsys) - Italians beauty voting Sanday in five referendance

on nuclear power and judicial reform.

Initial results from the two days of balloting are expected Monday evening, with opinion polls suggesting a majority of voters in favor of doing away with existing laws on the various issues. The Socialist Party of former Prime Minister Bettino Craxit, the second largest in the five party of the referendums and arrange and arranged to the property of the referendums and arranged to the referendum and arranged to the refere governing coalition, is the main sponsor of the referendums and armethey are needed to break parliamentary inertia on the issues.

The most controversial referendum could make judges personally liable to civil damage suits for alleged wrongful conviction and other errors. In three other referendums, voters will be asked whether Parliament rather than ministers should be allowed to decide where to put new nuclear power plants, whether subsidies to the towns where they are sited should be ended and whether Italy should cease participating in nuclear projects abroad. The fifth holds out the prospect of making ministers directly accountable to Parliament for alleged offenses in office.

Jayawardene Upbeat After India Visit

NEW DELHI (Combined Dispatches) — Prime Minister Rajiv Ganthis said after three days of talks with President Junius R. Jayawardene of Sri Lanka that differences remained on how to end the civil war in Sri Lanka. Mr. Gandhi added, however, that he was attained with the outcome of the talks.

outcome of the talks.

Mr. Jayawardene said Saturday before leaving India that the meeting had reached "happy conclusions," and he referred to the discussions as useful. But he said he planned no changes in legislation to carry out the accord between India and Sri Lanka to end fighting by Tamil rebels. The legislation apparently the source of differences between the two leaders. Sri Lankan newspapers reported Sunday that Indian troops trying to disarm Tamil guerrillas killed 11 rebels in the Jaffna Peninsula. More than 20,000 Indian troops have been posted to Sri Lanka to disarm Tamil guerrillas and other groups opposed to the July 29 accord, which calls on India to disarm the Tamil rebels in exchange for Sri Lanka granting more India to disarm the Tamil rebets in exchange for and eastern parts of the autonomy to minority Tamils in the northern and eastern parts of the (AP, Reuters)

UNESCO Approves Mayor as Director PARIS (NYT) - UNESCO's General Conference has voted overwhelmingly to elect Federico Mayor Zaragoza, a former Spanish educa-

tion minister, as its oext director-general.

After being approved, 142-7, the 53-year-old biochemist said one of his top priorities would be to persuade the United States and Britain to rejoin the organization. The United States left the 158-member organization in 1984 and Britain the oext year after protesting that the United Nations Educational, Scientific and Cultural Organization was poorly managed, wasted money and had an anti-Western bias.

On Oct. 18, Mr. Mayor's supporters outmaneuvered those of Amadou-Mahtar M'Bow, the incumbent director, to allow the Spaniard to win the nomination of the Executive Board by a 30-20 vote. But there were reported efforts by Mr. M'Bow's embittered supporters to seek to deny Mr. Mayor the backing of the General Conference. Those efforts were abandoned, however, when the Arab bloc threw its 20 votes behind Mr.

For the Record

The Food and Agriculture Organization opened a two-week conference Rome on Saturday that will inclode the election of director-general of

Judicial officials in Florence said eight men, including a reputed Mafia figure. Pippo Calo, had been ordered to stand trial for a Christmas train bombing in 1984 that killed 15 people and wounded 230. The bomb went off on a Naples-to-Milan train in a tunnel outside Florence. (Reuters) Nearly 3,000 Japanese farmers and their supporters held a rally on

Sunday protesting plans to expand the Narita international airport. The police said there were minor clashes but no airests. (AFP)

The World Bank announced it was giving drought-related assistance of more than \$500 million to India. The bank said it was seeking to ease India's growing balance-of-payments squeeze.

Yeltsin, a con-voting member of ndia's growing balance-of-payments squeeze.

(NYT)

South Korean policemen fired tear gas and charged into thousands of the Politburo who threatened to resign as head of the Moscow party student protesters who tried to march from a college campus on Sunday nrganization, stood apart from his after listening to Kim Dac Jung call for fair presidential elections. (AP) colleagues, seemingly ill at ease.

TRAVEL UPDATE

Pan Am-Aeroflot Service Set for May

MOSCOW (AFP) — Pan American World Airways and the Soviet carrier Aeroflot will start a joint Moscow-New York service in May, the U.S. airline's president, Charles Acker, said in an interview with a Soviet newspaper published Sunday.

Rossiya. Acroflot and Pan Am agreed in talks earlier this year on three

This Week's Holidays

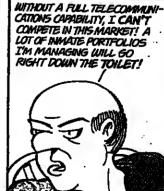
MONDAY: Pakistan

TUESDAY: Bangladesh, Panama.

FRIDAY: Bhutan. SATURDAY: Ethiopia, Guinea-Bissau, Jordan. SUNDAY: Brazil.

DOONESBURY







Mrs. Gorbachev Plans To Attend the Summit

MOSCOW — Raisa Gorbachev, wife of the Soviet leader, has indicated that she will go with her husband to the summit meeting next month in Washington - "if it takes She made her cautious comment

Whatever Plan Service

in a brief conversation Saturday with a reporter from The Washington Post and two other Western journalists during the Red Square Although security men were

standing close by, they did not move in interrupt the conversation - a departure from an earlier era when the families of Soviet leaders were kept at a distance from the Informality is a style the Gorba-

chev family shares and seems eager in promote. Mrs. Gorbachev, a sociologist who is on the board of the newly formed Cultural Fund. seemed at ease talking with reporters and nthers.

Mrs. Gorbachev's frequent public appearances at her busband's side have caused some resentment among the Soviet public, however, because many think that wives should not be so visible.

With the reserve that is expected of the families of top Soviet leaders, Mrs. Gorbachev declined to say where she grew up in the Sovie: Uninn, saying only that she was Yazov.

from Russia. "Russia — that is my homeland," she said. "I am from Russia. Everything that Russia has,

■ Revolution's 70th Year

Francis X. Clines of The New York Times reported from Moscow: The Soviet Union celebrated its 70th anniversary with a martial parade of the old trappings of the Bolshevik Revolution and the new watchwords of the revolution's lat-

est leader, Mikhail S. Gorbachev. "Democracy, restructuring, speedup" was proclaimed in giant Cyrillic letters near a vivid red banner depicting Lenin and looking resolutely upon the Red Square festivities as Mr. Gorbachev led the nation into its eighth decade.

Old machine-gun carriages drawn by four-horse teams - the uachankas of revolutionary times rattled across the cobbled square in counterpoint to the modern Red Army's wheeled rocket launchers.

The rhetoric of the day ranged Washington next month with President Ronald Reagan to a stern vow to keep the nation so militarily prepared that "no one would dare to disrupt its peaceful life."

Both points were made by the main speaker at the two-hour parade, Defense Minister Dmitri T.



Cavalrymen in uniforms similar to those worn during the Bolshevik Revolution parading Saturday through Red Square.

from hopeful anticipation of Mr. Gorbachev's summit meeting in Washington next month with PresiWashington next month with Presi-

■ Soviets Focus on Treaty

Philip Taubman of The New York

Senior Soviet officials said Satur-

day that high-level attention would

be required to resolve remaining

technical differences in a treaty to

eliminate intermediate range mis-

foreign minister, said he and other

-Soviet officials would be involved

in ironing out unresolved issues

about verifying compliance with the accord, which Mikhail S. Gor-

bachev and Mr. Reagan are expect-

for the deployment of bombers car- preparations for the summit meet- by complaining that the pace of

United States into compliance with vardnadze said he might meet when no ooe spoke to him.

Times reported earlier from Mos-

Senate. Mr. Reagan has ended

American adherence to the treaty

and threatened to veto legislation

that would compel the United

The Senate and the House have

passed amendments that would

compel American adherence to

main treaty limits as long as the

Under the emerging formula,

Congress would require the admin-

istration to withdraw an old Posei-

don submarine from service in the

fiscal year instead of overhapling it

so that it could be sent out to sea.

This would result in an estimated

This move would not bring the

would not completely compensate

rying cruise missiles, congressional

experts said.

Russians observe those limits.

States to adhere to it.

By Michael R. Gordon New York Times Service

WASHINGTON - White House officials and congressional leaders have worked out the basic elements of a compromise over arms control issues that until now had placed the two sides on a collision course, according to administration and congressional officials.

The compromise would remove a major barrier to the adoption of a new military spending bill of about \$290 billion

The compromise, which officials said Saturday was still being formalized, would temporarily resolve disputes over adherence to the 1972 saving of \$110 million. But no ref-Anti-Ballistic Missile Treaty and crence would be made to the 1979 ed in sign in Washington next the unratified SALT strategic arms

The question of how to interpret the ABM treaty has put the Con-gress and the White House at loggerheads. It is also a critical issue separating the United States and the Soviet Union in their efforts to conclude a treaty reducing longrange arms.

The Senate has adopted an amendment that would block the administratioo from acting on its treaty for two years without the approval of Congress. The House bas passed a similar amendment.

By Rarry James

President Ronald Reagan has threatened to veto legislation that would prevent him from acting on the administration's "broad" view, which would allow an expanded pattern of testing for space-based

anti-missile defense. Under the reported compromise, the Congress would stipulate that funds approved for the 1988 fiscal year would be only for the current schedule of Strategic Defense In-tiative tests, all of which conform in the traditional restrictive interpretation of the ABM treaty.

Funds could not even be used to buy hardware for possible future tests that would go beyond this schedule and that would violate the strict interpretation of the treaty. But the legislation will not affirm

the traditional interpretation, and the issue will have to be faced again Officials said an accommodation

had also emerged on the issue of

the 1979 strategic arms treaty

which was never ratified by the

Application of the control of the co

By Barry James

month.

the 1979 treaty's limits because it again with Secretary of State

San Marino, a diminutive republic that does not have an army, a nuclear power station or even a chemical plant, is stagiog the world's first international symposium on how to manage the aftereffects of a major ouclear or toxicological disaster.

With the accident at the Chernobyl nuclear plant in the Ukraine 18 months ago clearly in mind, 120 doctors and health professionals are attending the course in the republic's mountaiotop capital southwest of Rimini, Italy.

Dr. William Gunn, vice president of the organization responsi-ble for the course, the newly creat-ed European Center for Disaster Medicine, said the plan was to set up an international body of professional experts who could quickly bourg-based Council of Europe, respond if a catastrophe such as the Chernobyl accident occurred in Western Europe.

Dr. Gunn said that until now there had been little in the way of

preparedness for disasters on a professor from the Pontifical Acad-

Getting Ready for the Next Disasters

cross-border scale. "These things will happen," he said in a telephone interview. "You after one patient at a time and give hope they won't, but you must be all the save buman life, it is hard to prepared for them all the same. For consciously let someone die in orthis, you need knowledgeable peo-

With no ouclear pretensions of its own, and no polluting indus-tries, San Marino, an independent country of 24,000 people entirely surrounded by Italy, was a suitably neutral place to establish the center for disaster medicine last year.

"This is a small country that thinks big," said Dr. Gunn, a Canadian surgeon who until recently was director of emergency relief operations at the World Health Organization. The center was established under

the auspices of the 21-nation Strasand the decision to run a symposium specifically dealing with nu-clear and toxicological disasters was made after a meeting of envi-ronment ministers from France, Greece, Italy, Luxembourg, Malta, Portugal, Spain and Turkey.

During a three-week period, professinnals at the course are attending lectures and participating in ing lectures and participating in role-playing workshops designed to develop their powers of making life-and-death decisions during a catastrophic disaster.

Part of the process is learning triage, the process of sorting the survivors who have hope of living from those who do not, and the tectures included nne on ethics by a



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"Another meeting is possible,"

These and other top officials

speaking with Western reporters at a Kremlin reception, said they did

not anticipate that any of the out-standing issues would pose a seri-ous abstacle to concluding the trea-

ty in time for Mr. Gorbachev's

They suggested that high-level

intervention would be needed to

ocva, where Soviet and American

Mr. Yeltsin stunned a meeting of

ing to leave his Moscow post.

negotiators are drafting the treaty.

During the reception, Boris N.

Yuli M. Vorontsov, first deputy bring the two sides together in Ge-

Foreign Minister Eduard A. She- There were prolooged periods

George P. Shultz to make final the Central Committee on Oct. 21

ing, which is scheduled to begin change was too slow and threaten-

Mr. Shevardnadze said,

emy of Sciences in Rome. "For a doctor trained to look der in concentrate on someone who has a better chance to live," Dr. Gunn said. "Some doctors find this extremely stressful, but it is some-

thing that cannot be ignored." Some of the people attending the course went on their own initiative: others were sent by hospitals or university medical faculties and some were sponsored by national civil defense organizations.

Some participants have relevant background, such as a speciality in nuclear medicine, or disaster experience gained during the Ethiopian drought. But none have undergone previous training in large-scale disaster management.

Dr. Gunn said the course was the first of its kind and was likely to be repeated next year. He said that events such as the Chemobyl accident or the pollution of the Rhine River by a Swiss chemical company in November 1986 had internationramifications, yet showed "a total lack of preparedness" to deal with catastrophic events on an international scale.

"For the first time," he said, "there will be a body of people who will be able to speak to one annther across frontiers under disaster conditions. We hope this course will have a snowball effect — that these people will go home and train oth-

Once a list of such experts has been established, it will be given to organizations such as the Wnrld Health Organization and the United Nations Disaster Relief Organi-"The international organizations

do have standing teams that can be rushed to disasters," Dr. Gunn said. "That is why we are interested in creating a bank of trained people who would be available in the event of a major crisis. During normal times, they would continue doing

The first nonstop flight by a Bocing 747 bearing the insignia of both airlines is scheduled for May 15, Mr. Acker told the daily Sovetskaya weekly direct flights.

Tourism is up nearly 30 percent in the British Virgin Islands, officials there said. They said that of the 161,100 tourists who visited in 1986 and spent \$100 million, about 113,000 were from the United States, 6,800

were Canadian and 3,950 were British.

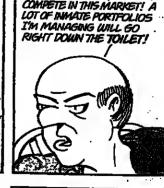
Banking and government services will be closed or their hours curtailed in the following countries and their dependencies this week because of national and religious holidays:

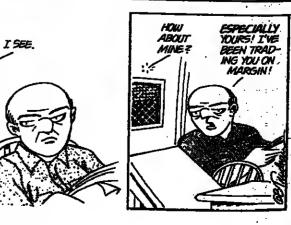
WEDNESDAY: Angola, Belgium, Bermuda, Bhutan, Canada, France, Guam, Ionaco, Puerto Rico, Switzerland, United States. THURSDAY: Bhutan, Taiwan,

Source: Margan Guaranty Trust Co., Reuters.

PHIL? I'M HAVING







The desk diary that picks up and goes with you

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(12 oz.). No voluminous data and statistics are included in this diary, but on the other hand a removable address book

saves hours of re-copying from year to year.

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companies linked to the af-Handing Mr. Walsh his first and detail a three-judge panel of the US Circuit Court of Appeals and Friday, the Court of Appeals bei Finday that a lower court had mad in rejecting Mr. Hakim's his hacedment claims that he his meniminate himself by comhas sub a grand jury subpoena

are the moral grand jury sub-poema

The II-page ruling sent the case being further hearings in U.S. the large ruling sent the case being Court, where Judge Authority is a sub-poem of the ordered Mr. The sub-poem of the order.

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Counsel Handling

BRIEFS

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SCO's General Conference has was D Mayor Zaragoza, a former Spand, rector-general 1-7, the 53-year-old biochemist sade:

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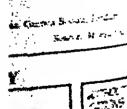
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when the Democrats will continue to review the Republican proposal. Cultural Organization was poorly as some quarters for his handling of economic policy before and after the stock market plunge of midsusperters outmaneuvered those die October that increased pressure to reduce the budget deficit and

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VEL UPDATE

Pan American World Astways migh La jour Mosora Ver York stones

May 15. Mr. Acad told the dal at Democrat of Texas, one of the negotiators, said he still thought there the Ann agreed in talks carrier the feet was a chance for what has become called a "mega" plan, one that would save significantly more than \$23 billion in 1988 and much more

set 113,000 were from the Lumbin

was service will be desired or that had ies and their dependences the and

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Mr. Hakim, one of four publicly named targets of Mr. Walsh's criminal investigation, served as financier and negotiator for many phases of the U.S.-Iran arms-forhostage schemes. He played a key role in setting up Swiss bank accounts as a repository for the arms



PRELUDE TO VETERANS DAY - Vietnam veterans gathering on the steps of the Capitol building in Washington to press their concern about soldiers still unaccounted for from the Vietnam War. Veterans Day is celebrated on Nov. 11 in the United States.

Nighttime Jogging Revives Central Park

More joggers than muggers are frequenting Central Park in Manhattan these nights. Fred Lebow, president of the New York Road Runners Club, which organizes group runs in the park three nights a week, says there is safety in numbers. He told The New York Times that the park is enjoying a "renaissance" and is : much safer than it was a decade

Statistics bear him out. As of July there had been two murders in Central Park this year, compared with one last year during the same period, according to a police spokeswoman. But rob-beries declined 12 percent and grand larceny 21 percent in the first seven months of this year. There was one rape fewer than the seven reported last year. She said few of the incidents involved "Nn one robs people running around in their underwear," the

parks commissioner, Henry J. Stern, says. "If they are accosted they can outrun their attackers. They are difficult quarry."

Even so, runners say they are

AMERICAN TOPICS

careful. Many refuse to wear stereo headphones at night, unlike their daytime counterparts. Many run with partners or in groups. Jacqueline Lebow, 26, a buyer for a department store. uses a trick her grandmother taught her. For protection, she places one key between each finger until she has created a claw of

Short Takes

The step-granddaughter of a man whose initials, RLB, appear on jewelry from the Titanic says she has no plans to claim it and wishes it had been left in the sunken ocean liner. The Titamic's passenger list showed Richard L. Beckwith, who survived the sinking, as the only person on board with those initials. Sally Behr Penit of Wilmington, Delaware, said her family seldom discussed the disaster and never mentioned what they had left behind. She said she did not feel the jewels were hers "and did not favor their recovery in the first place."

environmentalist's dream: no pollution, no traffic jams. Then came the heavy-framed, fat-tired mountain bake with 15 gears or more. The Washington-based Bicycle Federation of America says the number of such bikes has grown from 200,000 in 1983 to 2.6 million in 1986 and will double again this year. Complaints also are multiplying about bikers speeding, raising dust, crowding

hiking and horseback trails and

ruining vegetation. The bikes

have been banned or restricted to

fire roads on public parks and trails in California, Colorado

and elsewhere.

Model apartments typically cost \$30,000 to \$80,000 to decorate and furnish, but are considered indispensable by the builders of new condominiums and by potential customers. Some people are even interested in buying model apartments. The New York Times reports. They might be newly divorced, or simply out-of-towners seeking a pied-aterre. "If you like in decorate. I guess you don't buy a model," said Randy Seltzer, 31, a busi-

nessman who moved into a Manhattan model apartment in January and has changed it very little. "I brought a toothbrush and clock with me," he said. "That's

Notes About People

Representative Patricia Schroeder, the Colorado Democrat who coined "Teflon president" to describe Ronald Reagan, says the current Wall Street market is neither bull nor bear, but a kangaroo that jumps up and dnwn. "Kangaroos are tough, resilient and adaptable to all kinds of terrain and hardship," she said. "In other words, if you think the kangaroo market is going to disappear, guess

Buddy Rogers, 83, unld a Washington audience at a revival of his 1927 hit film "Wings" that Clark Gable warned Mary Pickford, "America's Sweetheart" of the silent film era, not to marry Buddy, who was 11 years yourger. Gable said it would not last. It lasted 43 years, until Mary's death in 1979. -ARTHUR HIGBEE

U.S., in Shift, Ponders Direct Talks With Nicaragua

The second secon

Tax Increase

By Jonathan Fuerbringer

New York Times Service

WASHINGTON - Treasury

substantive package of tax in-

a commitment from Democrats on

how much domestic spending they

are willing to cut, according to par-

specific tax increases, made his of-fer Friday, partly in an effort to

move the Democrats toward an

But they also said Mr. Baker's

offer reflected his new effort to

press for an agreement as quickly as possible to show U.S. allies, es-

pecially West Germany, that the

Reagan administration was work-

ing to reduce the federal budget deficit, which was \$148 billion in

The officials said pressure from

the administration to forge an agreement quickly had made it unlikely that the House, the Senate

and the White House could produce a proposal that would save

significantly more than their mini-

weeks ago, are aimed at producing

a package of tax increases and

spending cuts that would reduce the budget deficit for the fiscal year 1988 by at least \$23 billion. With-out a compromise, \$23 billion in

spending cuts, half of them in the

military budget, would go into effect automatically on Nov. 20 un-

House and Senate Democrats appeared to be caught off guard by the proposal of a \$30 billion deficit-

reducing package by House Re-publicans, with the general backing

The talks will resume Monday

Mr. Baker has been criticized in

brought about the negotiations.

He shifted policy last week as the

dollar continue to fall in world

markets and let interest rates de-

cline to lessen the possibility of a

that Mr. Baker might be willing to

accept a proposal that was not as

tough on spending cuts as he would normally want, just to reach an

Jim Baker badly wants a deal,

While the discussions had

percent the cost-of-living increases

for Social Security and other feder-

al programs, which would be one of

the main ingredients in any major

package, several officials said they

did not think it was possible to

reach a compromise on such a plan.

of Washington, the House majority

leader and the Democrats' lead ne-

gotiator, said that any cut in Social

Security was not a part of the nego-

Court Rebukes

Counsel Handling

Iran-Contra Affair

Washington Past Service

WASHINGTON — In a sharp rebuke to Lawrence E. Walsh, the

independent counsel investigating

the Iran-contra affair, a federal ap-

peals court has dismissed a contempt citation against an arms dealer, Albert A. Hakim, for refus-

ing to surrender the records of eight

foreign companies linked to the af-

Handing Mr. Walsh his first court defeat, a three-judge panel of the U.S. Circuit Court of Appeals

held Friday that a lower court had creed in rejecting Mr. Hakim's

Fifth Amendment claims that he

might incriminate himself by com-

plying with a grand jury subpoena

The 32-page ruling sent the case back for further hearings in U.S.

District Court, where Judge Au-

hrey E. Robinson Jr. ordered Mr.

Hakim jailed for civil contempt on

July 30. Mr. Hakim's appeal stayed

The appeals court judges said

Judge Robinson was wrong in

holding that he could enforce the

subpoetes singly because he had personal jurisdiction over Mr. Ha-

kim. In remanding the case for fur-

ther hearings, the panel said that

Mr. Walsh "must show that the

district court has personal jurisdic-

tion over each of the companies

whose records it seeks."

the execution of the order.

for the records.

But Senator Lloyd Bentsen,

Representative Thomas S. Folcy

any deal, that he can show to the

Germans and our allies," said an

official involved in the talks.

agreement soon.

One official said he was worried

of the White House.

der the budget-balancing law.

The talks, which began two

mum goal.

the fiscal year ended Sept. 30.

agreement, the officials said

Mr. Baker, who did not mention

ticipants in the talks.

American security issues. The development follows the Sandinist government's agreement to discuss assessing its position in light of a cease-fire with U.S.-backed conPresident Daniel Ortega Saavedra's tra rebels through an intermediary. announcement last week that he

By Julia Preston

Washington Post Service

President Daniel Ortega Saavedra

of Nicaragna for indirect cease-fire

talks with U.S.-backed rebels

through an intermediary has drawn praise in many quarters of Central America, but not in his own coun-

Scant press coverage of the unex-

Sandinists, to serve as the interme-

diary in the talks. But the article

did not mention with whom the

Elsewhere in the region, though,

the response to Mr. Ortega's an-

nouncement was favorable. Presi-

dent Oscar Arias Sanchez of Costa

Rica, who authored the peace plan

and won the Nobel Peace Prize as a

result, called the indirect cease-fire

talks "a positive gesture" that has

made him "more optimistic than

ever" about the success of his peace

plan, signed on Aug. 7 by the presi-

dialogue would be held.

his decision.

MANAGUA - The proposal by

Some Sandinists Balk

At Overture to Contras

pected announcement, made to the Sandinist government because

meet a deadline for implementa- it conferred new legitimacy on the tion of a Central American peace contras. Before this week, the San-

plan, hinted at the heat that Mr. dinists had dismissed them as mer-

States is considering direct talks until Managua agreed to open nation Central American peace with Nicaragua about Central communications with the contras. However, U.S. officials said Sat-

urday that the United States is re-An earlier nine-round series of would ask his country's Roman discussions in Manzanillo, Mexico, Catholic primate, Cardinal Miguel was broken off by the United Obando y Bravo, to act as an inter-

the key members of the nine-mem-

ber Sandinist National Directorate.

A West European official, who met

for two hours with Interior Minis-

ter Tomás Borge Martinez the day

before the announcement, said Mr.

Borge already was aware of, and supported, Mr. Ortega's decision to open an indirect dialogue with the

The decision was momentous for

States in 1984, U.S. officials have mediary in indirect talks with the Washington Post Service said since then that they would unt contras about implementing the WASHINGTON — The United deal directly with the Sandinists cease-fire called for under the five-

Sandinist radio said Saturday in

for a meeting of the annual Organization of American States assem-

the Reagan administration re-sponds to Mr. Ortega's call for di-The United States has expressed sponds to Mr. Ortega's call for difor the contras.

Even if all conditions are met, sues as the size of the Nicaraguan the officials said, the United States armed forces and the logistical and has not made decisions about the nther assistance it extends to leftist format, context or timing of any talks with Nicaragua. In particular, Nicaragua signed the agreement, the officials continued, Washing-which was implemented last week ton wants to consult closely with and is supposed to be fully in effect the four other countries that are gin this week during the OAS asparties to the regional peace agree-ment: Costa Rica, Honduras, El

Managua that Mr. Ortega is to visit Salvador and Guaternala, the United States on Wednesday The officials noted that The officials noted that some of these countries, in particular Honduras and El Salvador, have exbly. There was no indication that pressed concern that the United would meet with senior U.S. States might reach an agreement with Nicaragua resolving its con-U.S. officials stressed that before cerns in the region but not those of

rect U.S.-Nicaraguan talks, Mana- particular concern about Nicaragua's dialogue with the contras gua's military and political ties must begin, and show signs of be- with Cuba and the Soviet Union ing serious. In the meantime, offi-cials have indicated that they are ragua will not receive fighter planes holding nff until January on a re- and nther advanced weaponry

are more concerned about such is- countries.

guerrillas in neighboring countries. According to the officials, the consultations with the other four Central American nations will be-

sembly, which is to open Monday. Foreign ministers of all four countries will attend the assembly and the officials said it would be the logical place for high-level talks that would include Secretary of State George P. Shultz and other U.S. officials. After the signing of the peace agreement in Guaternala on Aug. 7,

Ar. Ornega rejected the idea of negotiating with the contras and de-manded direct talks with the United States, asserting that Washington controls the contra movement His government changed its po-

siting only after heavy pressure quest of \$270 million in military aid The Central American countries, from leaders of the four other



Head Office:

Ortega is taking within the Sandin-ist National Liberation Front for talks with Washington. Mr. Ortega's announcement was The official Sandinist newspaper an indication of the extensive risks Barricada devoted two and a half he is willing to take to keep alive pages to the Thursday speech, in the peace process, which could which Mr. Ortega amounced that bring an end to U.S. funding for the government would seek to ar- the rebels.

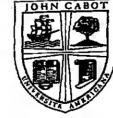
ge a nationwide cease-fire with One San the rebels, or contras, through indiseemed taken aback by Mr. Orterect talks. But the newspaper dega's speech was Bayardo Arce Casvoted only one paragraph to the taño. Mr. Arce, who attended the new dialogue. On Saturday morning Barricada speech along with about 30,000 other Sandinist supporters, gri-maced in front of television camreported on its front page that Mr. Ortega had met Friday with Cardi-nal Miguel Obando y Bravo to ask cras as Mr. Ortega made the anement. the prelate, a staunch critic of the

Hnwever, Mr. Ortega's main problem appears to be not with the Sandinist leadership but with the rank and file, and partly it may be a problem of his own making.

In the past two weeks, the Sandimists have mobilized grass-roots organizations around a political line adamantly rejecting what they called a "political dialogue" with contra leaders. The Sandinist leadeaship tried to make the distinction between power-sharing negotiations, which it continues to reject, and the proposed indirect ceasefire negotiations. dents of five Central American

But the distinction was apparently too fine for soldiers, mothers The main obstacle to peace is intransigence," Mr. Arias said, of fallen Sandinist fighters, feminists and other do-or-die followers. "and Ortega has demonstrated be has the necessary flexibility." Their silence about the contra talks According to diplomats and government officials in the region, Mr.
Ortega had the backing of most of continued ever since.

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Devaluing the Dollar

A Way to Buy Time

If push comes to shove, says Treasury Secretary James Baker, Washington will not raise interest rates to protect the value of the dollar. Mr. Baker has his priorities right: The risk of high interest rates causing recession exceed the risk of a falling dollar leading to a punishing inflation.

Although sensible, this calculation is no

substitute for curbing U.S. fiscal profligacy and correcting the allies' misplaced conser-vatism. West Germany's reluctant decision to reduce interest rates is only a shuffle in the right direction. Until the industrial powers accept the need for close policy coordination,

world prosperity will hang by a thread.
With U.S. federal deficits absorbing \$1.5
trillion in savings during the 1980s, America depended on foreigners to provide much of its economy's capital. Now the party is over. Private investors, fearing repayment of their debts in depreciated currency, are no longer eager to put the next round of import bills on the tab. And that has left the economic powers with risky and unappealing choices.

Central banks could go on purchasing the dollars shunned by private investors, in effect supplying the yen and marks that Americans need to keep on buying all those Toyotas and BMWs. But the appeal is wearing thin for German and Japanese bankers, who have been forced to absorb tens of billions of dollars in the last few months.

America might, of course, coax back private foreign capital by raising interest rates. But more expensive credit would cut car sales, housing construction and industrial investment, likely pushing an already wob-bly American economy into recession. That is why Mr. Baker prefers to let the dollar slide. His strategy has the added advantage of making U.S. goods more competitive, thus reducing the U.S. trade deficit and the U.S. appente for foreign capital. But the 20-to-30percent fall in the dollar needed to right the trade balance quickly would raise U.S. living costs by 2 or 3 percent. In the process, the dollar's descent could trigger panic in both the currency and the securines markets, as dollar investors rushed for safer havens.

At best, dollar depreciation is a tactic for buying time. The United States made its way through the 1980s saving too little, while West Germany and Japan saved too much. Changing exchange rates would not painlessly resolve underlying imbalances; it would simply redirect the financial stresses. With foreign capital unavailable, the U.S. Treasury would be forced to compete with

private investors for scarce savings. Such competition all too often creates inflation. West Germany and Japan would be in trouble, too; unable to export their surplus savings, they would face stagnation.

There is no telling, then, how the Reagan administration's policy on the dollar will play by itself. The policy's effect will depend on more basic decisions. America must contain the budget deficit, creating room to finance domestic investment from savings.

Japan and West Germany must stimulate domestic demand, allowing their economies to operate at capacity without spewing bun-dreds of billions of surplus capital into the American market. A well orchestrated de-cline for the dollar could make this process easier, but the real payoff lies in taking these two steps as quickly as possible.

- THE NEW YORK TIMES.

Part of the Solution

Now that the dollar is falling, how far down is it going to go? There is no reliable way to forecast that, for the process is hard to control and the foreign exchange market has a notorious tendency to overshoot. As long as the Reagan administration declines to interfere, the dollar's exchange rate will be set by the number of dollars that foreigners want to huy. The fall can feed on itself. If investors think that a currency will keep dropping, they are unlikely to want to buy much of it, and their predictions then become self-fulfilling. In those circumstances, the dollar could fall a long way.

To which many economists will say: good. That is the conventional way to end a trade deficit, and the gigantic U.S. trade deficit needs to be ended. America's foreign debts are piling up much too fast for safety.

But there is a little more to it than that. The Congressional Budget Office has produced a study showing that the trade deficit is on a rising trend, and that of all the standard prescriptions only two would actually reduce it: a recession or a falling dollar. A typical medium-sized recession, lasting half a year, would have only a very modes and short-lived effect. Devaluing the dollar would be far more effective. But here again, the CBO's model showed, the relief is temporary. If there is no other and deeper change

in the economy, even depreciating the cur-rency brings only transient relief.

Recent British experience makes that point clearly. Beginning in 1967, Britain re-peatedly turned to devaluation of the pound to try to get its economy moving faster. But as the pound fell, growth sputtered and unemployment rose. Letting the pound fall turned out to be no automatic ticket to prosperity. Nor, incidentally, does a rising currency necessarily choke off growth. The pound has been rising steadily against the dollar for nearly three years, and Britain's growth rate has been rising as well.

For six years the Reagan administration

has pushed American incomes artificially high by running the large budget deficits that produced, in turn, large trade deficits. But the lenders are beginning to cut off the loans that made it all possible. Incomes will have to come down, by taxation or by inflation. Productivity and quality of output have to rise. To rely solely on devaluation to deal with the trade balance will generate inflation, weaken America's credit abroad and pass the basic repair job on to the next president.

THE WASHINGTON POST.

The Filipinos' President

ippines up to her job? That question comes a short year after she was hailed as a political messiah. The Reagan administration recognizes that one extreme is as invalid as the other. Mrs. Aquino remains one of

What she needs from the United States is consistent, realistic political support and as much aid as Washington can possibly afford. Last week's murderous attacks on American personnel, with warnings of more to come, should not deflect the administration from seeing through the democratic transition it belatedly championed two years ago.

Americans have long been prone to simplistic visions of Philippine events, while remaining remarkably ill informed about the real problems of that former colony. Since independence they have stressed the common heritage and the strategic ties, but have rarely paused to consider the economic and social legacies of colonialism and the narrow social base of the Manila government. American presidents from Richard Nixon to Ronald Reagan convinced themselves that Ferdinand Marcos was an anti-Communist bulwark, even as his corruption and insensitivity

made thousands of new Communist recruits. No sooner did the myth of Marcos as savior begin to yield to facts than a new one arose. Mr. Marcos became the arch villain and Mrs. Aquino the inspirational heroine in the wings. She came to embody that peremierate centrist," the alternative to revolutionaries. She is, in fact, a moderate, but she is also in a revolutionary crisis that sharply constrains her political options.

In celebrating her "people power" victory, scant attention was paid to the implications of military mutiny, weakening a tradition of obedience to civilian control. And it is too often forgotten that because Mrs. Aquino is part of the discredited old oligarchy, she has a special need to tend to the long-ignored and land-hungry rural poor. She has had her share of failures but retains the democratic mandate she won at the polls. She remains what she really has been all along: an honest, appealing, fallible leader trying her best to consolidate a new democracy. It is an exceedingly difficult challenge, which Americans should not make more so by oversimplification and impatience.

- THE NEW YORK TIMES.

Other Comment

Congress, Too, Is at Fault

The demand is for Mr. Reagan to show "leadership," as if be were the only person who mattered in Washington. But, like all presidents, Mr. Reagan has to cope with an unruly Congress, in his case made even more unmanageable by the fact that it is controlled by the opposition party; he does not enjoy the luxury of a disciplined parliamentary majority which can be whipped into whatever lobby the prime minister decides. If there is a crisis of leadership in Washington it is a crisis for the American political system, not just the White House.

- The Sunday Times (London). **Bourguiba's Line Endures**

In his statement on Radio Tunis, the successor of Habib Bourguiba, Zine el-Abidine Ben Ali, paid tribute to the "enormous

sacrifices" endured by Mr. Bourguiba "for the liberation of Tunisia and its development." Mr. Bourguiba's ouster is unlikely to lead to notable changes in foreign policy. The new head of government, Hedi Baccouche, and the figures who enter the cabinet are "moderates" opposed to any reversal of alliances. These have always been oriented toward the West, and there is nothing to indicate any departure from that policy.

An announcement over the radio of the removal of a head of state by his number two is not in itself an event that the democracies can be pleased with. In the very particular context of Tunisia, it is clear nonetheless that what has happened resem-hles a lesser evil. [Mr. Bourguiba] was no longer mentally fit in exercise absolute

- Le Journal du Dimanche (Paris).

power, and he was refusing to let go. - Le Monde (Paris).

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OPINION



Don't Take International Cooperation for Granted

N EW YORK — As the panic on Wall Street fades, another crisis is brewing, this time between Washington, Bonn and Tokyo. It may be of

more lasting significance.

Last week's moves by West Germany and Japan to cut interest rates are welcome, but more significant reductions will be necessary. As the Reagan administration and Congress get closer to a budget compromise, there could be major international conflict as America strong-arms its allies to do more to avert a global recession.

Beyond the cosmetic quick fix, the prospects for effective cooperation do not look good. Since the late 1970s, in fact, global economic cooperation has been a miserable failure. From private shuttle diplomacy to summit meetings, from mudslinging contests to harmonious photo sessions, nothing much has happened, save some col-laboration to guide the dollar.

For the last few years, America's agenda has been consistent: We'll cut our budget, the Reagan administra-tion would say, if Bonn and Tokyo agree to take up the economic slack.
Only, Washington never delivered,
and, not surprisingly, neither did they.
Assuming that a budget agreement
is reached, the United States will be screaming for the allies to ante up. If Bonn and Tokyo don't oblige, they may precipitate a major crisis. This is

T OKYO — The General Agreement on Tariffs and Trade has just celebrated its 40th anniversary. Instead of congratulating itself, it

should be doing some serious re-thinking. The examples of Japan, the

other rising East Asian economies

and the nagging American trade defi-cit show that the whole concept of

including free trade.

The fallacy is more cultural than

economic. Forty years ago the world seemed a very simple place: The West

was industrially advanced; the rest of

the world lagged badly behind ft

seemed obvious that the work and

productivity ethic developed by the Western peoples, specifically the

North European and North Ameri-

can peoples, was the ultimate that mankind could aspire to. The others

could only hope to match it. They could not hope to surpass it.

In this situation the logic of free trade is obvious. It expands world eco-

nomic activity. It also helps everyone to upgrade industrial structure. So in a

world in which country A produces

cars. B produces textiles and C can-

not manufacture anything, free trade

By Jeffrey E. Garten

Good Old Free Trade? But the Game Has Changed

By Gregory Clark

to move to cars and C to produce ers are only a small part of the prob-textiles. Everyone is better off.

is why it could happen anyway. First, there is a strong feeling in Bonn and Tokyo that their policies have been right and Washington's wrong and they don't want to pay for what they see as chronic American lack of discipline. In West Germany there is the added neurosis about inflation; in Japan, a sense that the govern-ment has already stretched itself to the

limits to accommodate U.S. demands. Second, neither government trusts Washington. They believe that its idea of cooperation is to mount a bailout effort only when America is in trouble. They remember the administration's arrogance about Reaganomics and its indifference to their pleas a few years ago, when American interest rates

were high and the dollar was soaring. Third, the current objectives of the three countries are incompatible. The United States wants growth to offset the crash, and seems willing to accept some inflation in the process as well as a declining dollar. Bonn wants, above all, stable prices, and is prepared to sacrifice growth. Both are willing to see the dollar slide. Tokyo wants low prices, growth and, with an eye on its exports to America, a stable dollar-yen relationship. Something has to give. Fourth, and most important, it may

But what happens if the once back-

ward peoples in country B manage to

develop a work and productivity ethic superior to that of A? This is whal we

are seeing in Japan and to some extent

ethic; some say it is due to other fac-

tors. But what is beyond argument is

the fact that these peoples now work

harder and better than Westerners

brought up under the Protestant ethic of which they were once 50 proud.

trade is not so obvious. It allows country B to take over production of

not just cars but computers, too, while C moves into textiles. Mean-

while, country A moves to the bottom

of the deck and ends up manufactur-

ing nothing. Its alternative is to cut its

living standards to the level of C, in which case A might just possibly be

This, in essence, is the dilemma

facing the West today. The poliu-

cians may say that trade barriers in

the East Asian nations have caused

allowed to produce a few textiles.

In this situation, the logic of free

GATT is based on a fallacy that in the rest of East Asia today. Some

could eventually strangle all trade, argue that it is due to the Confucian

allows A to move up to computers, B the trade imbalance, but such barri-

nn one's preferred outcome, but here be that the rules of the game have changed. Americans have in their minds that West Germany and Japan are partners, but for historical reasons they expect them to be compliant part-ners. Now that era may be over. Nothing symbolizes the new reali-ties more than America's escalating

debt and plummeting currency. Once, nnt so long ago, it financed the free world; now it is rattling a tin cup. Once the dollar was the symbol and means of power and influence; now prominent Americans are prescribing ever lower levels for the dollar.

West Germany, moreover, is so tightly tied to Europe that it may feel that reduced U.S. links are acceptable. Japan always acts politely, but it is in a position to wield the big stick like the

powerful creditor that it is.

There has been during the last 30 years a not so implicit deal. The United States has borne the defense burden. In return, the allies have supported its version of an open world economy. That deal could be unraveling now. It is not that Europe and Japan do not want military protection. But neither seems inclined to hold up its end of the bargain now, and both dount that America will pull the defense rug oul from under them. They could be wrong. The major

GATT was created no one dreamed

that Weslerners would fall behind in

they thought they would lose vis-à-vis

the West. The yen will have to appre-

ciate much further for the manufac-

of even partial restoration. And even

problem of South Korea, Taiwan,

account of diminishing costs. The en-tire theory is based on the rather quaint 19th century belief that the more one produces, the higher one's

unit costs become; or at best they

remain constant. In this situation,

free-trading nations automatically achieve trade balance.

But, as any Japanese maker of cars

Hong Kong and Singapore.

issue facing the next U.S. administra-tion is not whether to share financial, trade and security burdens more eveny with the allies, but how to do it fast. Fiscal and trade pressures on America will leave no choice.

The recent interest rate cuts will not convince the markets, which have seen such accords break down before the ink dried. If Bonn and Tokyo fail to make significant accommodations, the political backlash in America could be fierce. Farmers, exporters of manufac-tured goods and labor unions will have a new whipping boy for their trade problems. This time they will be joined by Wall Street and Main Street, both dreading an economic downturn.

In the end, there is little that Washington can do if Bonn and Tokyo stonewall — at least little that won't hurt America, too. But we should not assume that rationality will triumph over emotion. One lesson about the 1930s - the one about providing adequate liquidity after a crash - seems to have been learned. But what about the lesson of what happens when there is no one strong leadership, and international cooperation breaks down?

The writer, a New York investmen banker, was deputy director of the State Department policy planning staff from 1976 to 1978. He contributed this

or semiconductors can tell you, manufacturing costs fall drastically with

volume. This is true not just for indi-

vidual firms but for whole industries

In this situation, the country which

happens to move a little bit more

tbey bave a natural advantage.

of electronic goods industries.

Before they start to think about

baving to compete with India and Chi-

na in textile production, there is some-

thing else the United States and West-

ern Europe could do. This is to face the fact that free trade and GATT are

not going to solve their problems. They should protect and rebuild the

industries they still have. They should

form themselves into a large enough

1887: Murder in Ireland

DUBI IN - Murder outright seems

to be the latest order of the Irish League. A despatch from Tralee tells

a story of a larmer named Quirke, who had encountered the animosity

nf the league, as he had redeemed the

farm of an evicted tenant. Last night

[Nov. 7] he was visited by disguised

men. His family, including a grand-daughter, were summoned into the

kitchen, whither he was taken, and

there, in their presence, shot dead. This is akin to what the Ku-Klux in

the Southern States of America did

they will trade with East Asia

in producing textiles.

and even for countries.

manufacturing productivity.

Having fallen behind, the West is
happens to move a little bit more aggressively into new lines of pro-

being pushed relentlessly to the hot- duction than others, and which pro-

tom of the deck. The savage appreciatects its own producers in the early

tion of the yen has slowed the process stages, ends up producing every-

somewhat, but only somewhat. Al- thing, even without the advantage of

ready Japanese manufacturers have n superior work and productivity

Same Facts, A Different Message

By Jim Hoagland

P ARIS — Language has replaced fact as the central component of truth. Bombarded with distant and often unrelated facts, citizens are both prey and accomplice to polificians who can organize any given set of facts into a coherent "truth" that makes them more comfortable. Ronald Reagan's mastery of this techald Reagan's mastery of this techmique was on display again in a
speech last week that was televised in
Europe but not seen in America.

The speech was an opportunity to
reassure Europeans concerned about
Mr. Reagan's handling of unclear anni-

egy. He seemed aware that his apparent fensive nuclear weapons to deter the Soviet Union and its Warsaw Pact allies from attacking NATO had disturbed citizens and officials in Enrope. It is not that Mr. Reagan changed his position in this speech, televised over the USIA's Wordnet satellife ton to abundou relimine on of system to American embassies and broadcast on Voice of America radio, in order to please a new audience. He did not. What he did was to take the same set of facts that he uses when he tells American audiences about the immorality and inherent evil-of nuclear weapons and use them to support the case for continuing nuclear deter-rence for as long as possible.

Gone were his earlier condemna-

tions of nuclear weapons as an evil that must be abolished. Nor did he refer to his promises to the American public to make nuclear missiles obsolete by setting up a space-based screen of defenses. The Strategic Defense Initiative received only scant mention in the 22-minute address.

Instead he declared that the forthcoming missile treaty would actually "ensure the credibility of our deter-rent" rather than weaken it. He welcomed projected significant increases in the nuclear arsenals of France and Britain, perhaps suggesting that some-how these wily old Europeans have found a way to make nuclear weapons that are not evil. He warmly praised European efforts to expand conventional military cooperation.

I am sure the intentions of the president, and of those advisers who told him he needed to reassure the Europe-ans, were admirable. But I fear that to the extent that it has any impact - it was bttle noticed in the press in France - the speech will add to the confusion about what President Reagan really thinks about nuclear deterrence and what he plans as the next steps after the medium-range missile treaty. That question has already created

bitter divisions in Bonn, divisions that will have been exacerbated by the one change in U.S. policy that Mr. Reagan did signal. He deliberately ended the ambiguity put into the formula adopted at the Reykjavik NATO foreign ministers' meeting last June to keep fuzzy the question of when negotiations on battlefield nuclear weapons mould begin to a meeting that would begin. In a phrase that con-firmed that Vice President George Bush had presaged a hardening of U.S. policy on this point in press conference remarks in Paris last month, he said that "existing imbalances in conventional forces and chemical wear ons must be redressed prior to any further nuclear reductions in Europe.

regained much of the competitiveness ethic. Its rivals do not get the chance This means that the hopes voiced by to produce even the goods for which West German Foreign Minister Hans-For example, it is likely that the Dietrich Genscher and even by memturing trade balance to have any hope U.S. technology lead in semiconducbers of the more conservative wing of tors could have offset the advantage Chancellor Helmut Kohl's Christian with the yen dearer, there is still the the Japanese have in production tech-Democratic Union to get negotiated nology. But once the Japanese moved cuts in short-range nuclear weapons that will in all likelihood only be used aggressively into full-scale produc-The other problem with GATT's tion, the American lead quickly withon German soil now recede into the free trade theory is that it takes no ered. America is now faced with the distant, distant future, much to the probable loss of its entire computer satisfaction of Defense Ministry offiindustry as a result. Western Europe has suffered a similar fate in a range cials in Bonn, Paris and London.

That Mr. Reagan made the speech at all is an interesting sign about the growing impact of foreign opinion in America as the presidential campaign gears up. That is one of the consequences of becoming the world's largest debtor nation. The election in 1988 could be the one in which Americans say goodbye forever to the treasured notion that their national leadership contest is decided almost exclusively on domestic issues, with small regard

market to give themselves adequate economies of scale. Then from this to what the rest of the world thinks. The most spirited moment of the position of limited strength they should negotiate the terms on which Houston debate of Republican candidates came in the verbal dustup between Mr. Bush and Al Haig, who argued about whether European lead-True, that means admitting some manufacturing inferiority. But it need not mean inferior living staners favored the Soviet-U.S. missile treaty (Mr. Bush's view) or not (Mr. dards, since in agriculture and the Haig's choice.) Here was a previously mind-boggling thought on full view of an American television audience, for service industries the West is still well ahead. In any case, this alternative is a lot better than the decline in living the Bush-Haig argument suggested that the candidates, and thus Ameristandards that would be needed to be able to compete with China and India can voters, should actually care what Europeans think about anything The Washington Post,

International Herald Tribune.

A Strange Way to Strengthen the Court

B OSTON — The collapse of another Supreme Court nomination tells much about Ronald Reagan. It shows the price Americans pay for having a president who in even his most solemn appointing function is driven by narrow inter-

ests of politics and ideology. How could a president who talks about the need for law and order pick as a Supreme Court nominee someone who illegally used marijuana when he was a law professor? How could a president who has proclaimed the war against drug abuse fail to be informed of that easily

discoverable fact about his nominee The questions are not hard to answer. President Reagan was interested in only one thing when be made his choice for the Court: stuffing n conservative down the throats of the senators who had defeated Robert Bork. In the rush to revenge there

was no time for care in scrutiny.

The partisan, ideological motivation was clear from the start in Mr. Reagan's nomination of Judge Douglas Ginsburg. The choice was urged on him by Attorney General Edwin Meese and other zealors. The White House chief of staff. Howard Baker, counseled selection of a conservative whose qualifications would assure easy confirmation. But the president did not want

 justice. He wanted a fight.
 Judge Ginsburg is an intelligent,
 interesting man. Bin no one could seriously argue that he is among the lawyers best qualified to sit on the Supreme Court. He has never written about the court's principal modern concern, constitutional law. His experience as a judge and a By Anthony Lewis

Justice Department official is thin. Mr. Reagan made the act of an-nouncing the choice an angry parti-san occasion. He fulminated against the Senate for its care in considering Judge Bork's nomination and suggested that the delay had some-how belped criminals. "The empty

seat on the Supreme Court has been a casualty in the fight for vicums rights in the war against crime," the president said. The statement ought to win the 1987 non-sequitur prize for the speechwriter who gave it to Mr. Reagan to read. There followed a barrage of White House piffle. Frank J. Dona-

telli, assistant to the president for political and intergovernmental af-fairs, sent a letter to lawyers and support for Judge Ginsburg and for immediate Senate hearings. "Judge Ginsburg shares the president's view about the importance of law enforcement," the letter said. "He does not believe that judges should

for the police to overcome."

Then came the disclosure about Judge Ginsburg's use of marijuana, apparently as recently as 1979. Mr. Reagan said it was just a youthful indiscretion. But Mr. Ginsburg was

not a youth; be was a teacher of law. There is a special peculiarity in Mr. Reagan seeming to excuse drug use when he and Mrs. Reagan are so identified with the war on drugs. But, like most things he does, that war is just words. The federal effort against serious drugs has been declining in

effectiveness. Here as elsewhere the Reagan record is one of bypocrisy. Millions of Americans have tried

marijuana, and it would be preposterous to make that a general test of worthiness in society. But there is no way of escaping the fact that having on the Supreme Court someone who had violated the drug laws as an adult would be embarrassing or worse. Drug issues are a very important aspect of constitutional law right now. There are many proposals by government bodies and private companies to make employees take drug tests, proposals that are being fiercely resisted as illegal searches and invasions of privacy. A judge known to have used drugs would always be in an awkward position.

The defeat of Judge Bork drove the radicals of the extreme right into a frenzy. They could not bear the true meaning of the defeat: that the country rejected their desire for a wizened constitution and weakened judicial protection of individual rights. They pushed for a gesture of defiance, and Mr. Reagan obliged.

Compare how another conservalive president acted. Herbert Hoover had a seat to fill on the Supreme Court in 1932. He had suffered an earlier defeat. Now he chose a judge of luminous reputation: Benjamin N. Cardozo of New York, Mr. Hoover made the appointment although there were already two New Yorkers on the Court, and another Jew. He put the merits above politics.

President Hoover, for all his troubles, respected the Supreme Court as an institution. Mr. Reagan plays with it for his political ends. The New York Times.

1912: New Life for Plays NEW YORK -- Elizabeth Marbury, an experienced play broker, returned from Europe the other day full of enthusiasm for a new kind of colored moving-picture which she intends to exhibit. The current number of "McClure's Magazine" contains a "McClure's Maga

twenty years ago to Union men,

100, 75 AND 50 YEARS AGO moving-picture shows. That the basi-ness has become one of growing mag-nitude is evidenced by the large amount of capital invested in it. A drama that has outlived its populari-ty on the stage may be given with success in the motion-picture shows.

1937: Britain and Spain

LONDON — Foreign Minister Anthony Eden tonight [Nov. 8] defended in the House of Commons the British government's proposal to exchange "business agents" with that part of Spain which is controlled by General Francisco Franco. Labor party spokesmen are very critical of this measurement. this new step. To them an exchange of agents is equivalent to de facto recognition of General Franco's government. Mr. Eden based his defense on the ground of technicality. He said Franco controlled over two-thirds of moving-picture which she intends to exhibit. The current number of "Mc-Clure's Magazine" contains an illustrated article on staging plays for iron ore, copper and lead mines.

Michael Discourse of the state individual four Democratis — the individual four Democratis — the individual four Illinois. Governor in individual four Illinois. Governor individual four Illinois. Governor individual four Illinois Rechard in individual four individual f the fore an said just refere a submit candidate forum at the said pemocratic someone had stacked in a blam that he had stacked in a blam when he was a successful. min Minni that he had stroked appears when he was in societies whe may but that he has now medium is years.

Or Friday, he said in Mobile, it had he had never inhand, that he had never inhand, whether he had done on the medium with whether he had done on the medium with the had done on the medium with the had done on the medium with the had done on serviced whether he had done so infig. he responded that it was index, he responded that it was a impromise question.

The response to reversitions that including this time had smoked maintained while a professor at Harvard model was so swift and negative shell fore and these positions. seins Mr. Gore and the politiin apparently decided they added afford to ignore the issue. has too early to tell whether predations would be darrage ing. mores in Florida was nessauve.
Taple of my generative are poted because they be never in emosed to drugs or used in said William Cross, 50, 2 loon Beach lawyer who is Mr. for's top Florida fund-raiser. Westernion is where the fund.

Pot' and the

Gore and Babbitt .46

By Michael Specific

By MUCH R Discourse

Madrid an

ming comes from. He gets high

& Bebbitt, on the stump in

has admitted he had smoked

program several times "back, in the false tilk when I was a civil post souther down South." but he shall so what's the big deal? It for

ets for honesty, though.

Thai International's

Madrid, Spain. City of suns

loreadors and picadors. And

longkok via Rome ever

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Same Factor A Different Message

By Jim Hoagland PARIS — Language has tope fact as the central compared with distant coften unrelated facts, climate accomplice way and accomplies. both prey and accomplice to be class who can organize any story of facts into a coherent "italia" to be composable to the composable to th makes them more comfortable to aid Rengan's mastery of the te nique was on display again a speech last week that was term Europe but not seen in Among

The speech was an opportunity of the speech was an opportunity of the speech was an opportunity of the speech was concerned was concerned aware that his are the seemed aware that his age antionion to abandon reliance icasive nurical weapons to de-Soviet Union and its Warm to allies from attacking NATO at turbed citizens and officials in the

It is not that Mr. Reagan day
has position in this speech the
over the USIA's Worlden se system to American embasis. broadcast on Voice of America in order to please a new audion did not. What he did was to be sells American audiences about somorality and inherent coldina ar weapons and use them to the case for continuing moter rence for as long as possible

Gone were his earlier onto tions of ouclear weapons at at that must be abolished No is refer to his promises to the Am public to make nuclear missing tere by setting up a space screen of defenses. The Straight fense Initiative received only mention in the 22-minute adia

Instead he declared that the coming missle treaty would as "ensure the credibility of one rent" rather than weaken it h: comed projected significant in in the nuclear arsenals of France Britain, perhaps suggesting the how these will old Emoperate found a way to make nuclearing that are not evil He want of European efforts to expend an tional military cooperation

I am sure the intertion of the dent and of those advises the him he needed to reassure the ans, were admirable. But I feat the extent that it has any mighwas have noticed in the preside - the speech will add to thems about what President Resear thinks about nuclear deame: what he plans as the text spit the medium-nange musik man

That question his sheet of better divisions in Bonn deser wall have been examinable change in U.S. rollo that it k did verst he deliberate net manifeguare put unto the formula ed at the Revious NATOE menisters meeting has been fuzzy the cospan of the T Lices on hand all noting to the Vie President finned Bush had crossed a belief U.S. policy on this point a part ference remarks in Parishmen said that "exeting mhalants ventagen in a and chemical

cens must be redressed piers further nurser returnessing The means that the house West German Forces Massal Dietneti Genather and on hi hers of the more conserving Democrate Union to disthat we are the models on German St. man make Betent, deller.

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cratic candidates for president, Senator Albert Gore Jr. of Tennessee and Bruce Babbitt, a former Arizona governor, have admitted that they smoked marijuana when they were young men.
In addition, two other politi-

By Michael Specter

and James R. Dickinson

WASHINGTON -Two Demo-

Washington Post Service

cians, Senator Claiborne Pell. Democrat of Rhode Island, and Representative Newt Gingrich, Republican of Georgia, said that they also had once experimented with

Following revelations that Douglas H. Ginsburg, Presiden: Ronald Reagan's nominee to the Supreme Court, had used marijuana, nearly every presidential aspirant responded Saturday to questions about whether they had ever used drugs. Many of the statements came before Mr. Ginsburg withdrew his name from consideration.

Three Republicans — Pierre S. du Pont 4th, Senator Bob Dole of Kaosas and Representative Jack Kemp of New York - said they have never used illegal drugs of any kind, as did four Democrats - the Reverend Jesse L. Jackson, Senator Paul Simon of Illinois, Governor Michael S. Dukakis of Massachnsetts and Representative Richard A. Gephardt of Missouri.

Mr. Gore, 39, said just before a presidential candidate forum at the Florida state Democratic convention in Miami that he had smoked marijuana when he was in college and the army but that he has not touched it in 15 years. On Friday, he said in Mobile,

American on the Supreme Court?" Alabama, that be bad never smoked marijuana as an adult, but when asked whether he had done so in college, he responded that it was an "inappropriate question."

The response to revelations that Judge Ginsburg had smoked marijuana while a professor at Harvard are Judiciary Committee, said he Law School was so swift and nega- considered calling a news confertive that Mr. Gore and other politicians apparently decided they could not afford to ignore the issue. It was too early to tell whether

the revelations would be damaging, but initial reaction by some Gore supporters in Florida was negative. "People of my generation are Harvard professor — shocked because they've oever of law" — in his 30s. been exposed to drugs or used them," said William Crotty, 56, a Daytona Beach lawyer who is Mr. measure because the anti-crime,

marks for bonesty, though." Mr. Babbitt, on the stump in

Iowa, admitted he had smoked marijuana several times "back in this thing," as Robert Teeter, a Rethe late '60s when I was a civil rights worker down South," but had been raised about his lack of added: "So what's the big deal? It legal experience, his ownership of

beats me." Mr. Babbitt said that he used marijuana only once, and that had not used the drug since the it did not affect him.

'Pot' and the Presidential Race

and Mr. du Pont said they had

never used marijuana. In Saturday's editions of the Providence Journal-Bulletin, Mr. Pell, 68, the chairman of the Senate Foreign Relations Committee, said he tried the drug "many years ago" when he "took several puffs of a even had heard of marijuana," add-

marijuana cigarette." 'I didn't like it and oever tried it like self ".nisse

Mr. Gingrich said that he had taken part in that activity.

(Continued from Page I)

common experiences were rock

music and dope and the subculture

that both spawned. It was a subcul-

ture dedicated to the proposition

that you could never trust anyone over 30, in Abbie Hoffman's mem-

"Folks are going to have to get used to this," said Robert G.

Beckel, 38, who ran Walter F.

Mondale's presidential campaign

in 1984. "This is the age of Aquari-

in the words of a prominent Re-

publican, age 43, who is close to the Reagan White House. Judge Gins-

burg "is too modern. He's been married twice, his wives don't take

his name, be smoked a little pot, he

ran a computerized dating service

- he sounds like a modern Ameri-

can. Are we ready for a modern

Many people argued that Judge

"There is a certain irony here,"

orable formulation

us growing up."

Gore and Babbitt Admit Marijuana Use as Young Men

"The historical record is that 19 Also at campaign events in Iowa years ago. I used marijuana once at on Saturday, Mr. Kemp, Mr. Dole a party late at night in New Orleans," he said, adding: "It didn't have any effect on me.

Mr. Dukakis, Mr. Gephardt and Mr. Jackson said they had never used any illegal drugs. In Iowa, Mr. Simon said when he

was in high school, "I don't think I ing: "If people wanted to have a wild time they would sneak off with a six-pack of beer." He said he had

when he was handling cable televi-

sion matters in the Justice Depart-

ment, and the lack of knowledge

about his views on constitutional

"One thing you need is strong supporters," Mr. Teeter observed, but Judge Ginsburg apparently had none in the Senate. Some of the

conservative Republicans wbo

were the strongest backers of Rob-

ert H. Bork, Mr. Reagan's first un-

successful nominee to the court

offered the most direct criticism of

Regardless of the merits of Judge

Ginsburg's late, what happened to

him will contribute to a sense that

Judge Ginsburg last week.



Senator Albert Gore Jr. waving to supporters after conceding that he had used marijuana when he was in college.

(Continued from Page 1)

ARABS:

bargo against the country that fails

King Urges Unity

On the Arab-Israeli dispute. Hussein asked for an Arab consensus supporting an international peace conference. He accused Israel and the United States of obstructing the peace process.

"Israel has succeeded in diverting the role of the United States from that of a superpower with a special responsibility for world peace into the role of sponsor of Israel and its interests," he said. Missile Hits Baghdad

Post reported from Dubai, United Arab Emirates:

An Iranian surface-to-surface DRUGS: Judge Seen as Victim of Clash Between Modern Era, Puritan Ethic missile struck the heart of Baghdad on Sunday, killing 10 persons and wounding more than 100, an Iraqi

sued Sunday night said the missile hit a "densely populated residential area of Baghdad and a large num-

Iranian radio, monitored in Dubai, said Iran had fired two missiles at Baghdad, one against the central broadcasting building and the second at another "communications

It was not clear from the Iraqi reports what happened to the second missile. Because it was not redure "open-ended" personal ported as having hit the city, it questions "that are contrary to our might have strayed off course and

Loren Jenkins of The Washington

military spokesman said. An Iraqi war communique is-

ber of innocent civilians were killed."

Mr. Biden agreed. "Contrition is not acceptable any more," he observed, complaining that a presidential candidate is expected to en-

For Tunisian Leader, A Rapid Rise to Top

New York Times Service

Zine al-Abidine Ben Ali, the 51-year-old general who on Saturday became Tunisia's second president since it won indepen-dence from France in 1956. started out to become an electronics engineer.

Although his interest in elecpronics and computers remains today, he turned away from engineering at an early age and toward a military and government career in which he advanced rapidly.

Mr. Ben Ah's assumption of the presidency from Habib Bourguiba capped a swift rise through two of the top govern-men! positions in slightly more than a year.

By April 1986, he was the interior minister, and by last month, after his central role in the crackdown of Islamic fundamentalists accused of plotting to overthrow the govern-

ment, he was prime minister. Enforcing law and order have been keys to his success both in and out of uniform since 1958, when he was appointed to his first security post as director of military security.

From the late 1970s to now. he played an increasingly im-portant role in coordinating military and police actions in clashes between the govern- Poland

ment and unions over unemployment, riots over increases in bread prices, worsening relations with neighboring Libva and growing Islamic fundamenralism

When Mr. Beo Ali was named to succeed Rachid Sfar as prime minister by Mr. Bourguiba on Oct. 2, Ali Bahaijoub. a Londoo-based writer on North African affairs, said: "Ben Ali will be sort of an autocrat. He won't have to walfle about before he acts, whereas Sfar would always beat around

the bush first." Mr. Ben Ali, who became a full general in 1979, is described by Tunisian officials as an athletic, clean-shaven man who believes in discipline and hard work and who speaks English,

French and Arabic. He was born on Sept. 3, 1936. near Sousse, in central Tunisia in the same region as Mr. Bourguiba's birthplace, Monastir. Mr. Bourguiba, according to a Tunisian official in Washington, will go to Monastir "to retire in his palace surrounded by

his privileges and bonors."

Mr. Ben Ali served three years in the mid-1970s as the military attache in the Tunisian Embassy in Rabat, Morocco. In 1980, he became ambassador to

COURT: Ginsburg Withdraws and Search Is Under Way for New Nominee

(Continued from Page 1) and lobbying groups, still smarting over the Senate defeat last month of Mr. Reagan's first choice, Judge

Ginsburg's marijuana smoking was a "youthful error," in Mr. Reagan's words, that could easily be forgiv-Robert H. Bork, are now recling from the disclosures that led to Joseph R. Biden Jr., Democrat of Delaware and chairman of the Sen-

ence to urge Judge Ginsburg not to withdraw merely on the basis of the marijuana issue But Peter Hart a Democratic

polister, observed that Judge Ginsburg had admitted smoking mari-juana not as a student, but as a Harvard professor — "a professor Moreover, Mr. Hart noted, the

Gore's top Florida fund-raiser, anti-drug Reagan administration "My generation is where the fund-had chosen Judge Ginsburg to be a raising comes from. He gets high law-and-order Supreme Court jus-Judge Ginsburg's nomination

Judge Ginsburg's withdrawal. The search is also complicated by factional disputes within the Reagan administration. Judge Ginsburg was reportedly the choice urged on the president by Attorney General Edwin Meese 3d and the ideological faction in the White

Administration officials say that among the front-runners to replace Judge Ginsburg is Anthony M. Kennedy, who was backed the last time by the White House chief of staff, Howard H. Baker Jr., and incident became a scandal in large other pragmatists whom hard-line attention has been focused on our conservatives blamed for not work- personal lives, and much of that on ing hard enough to prevent the defeat of Judge Bork.

Judge Kennedy, who sits on the Court of Appeals for the 9th Circuit in California, and Judge Wil-"was not on real steady legs before W. Wilkins, of Greenville, South Carolina, who sits on the publican pollster, said. Questions Circuit, are said to be among the leading candidates.

Judge Ginsburg announced his decision only nine days after he was chosen to fill the seat vacated by the retirement of Justice Lewis Powell Jr.

\$140,000 in cable television stock 1987 has been an extraordinary ting to a dalliance with marijuana

year for writing new rules in Ameri-

"This is a bizarre year," said Mr.

Biden, one of its victims. "It is

going to go down like '68 without

the sense of tragedy, but the same

Mr. Biden withdrew from the

race for the 1988 Democratic presi-

dential nomination following dis-closures that he committed plagia-

rism during law school, exaggerated his academic accom-plishments and lifted speech mate-

The spectacle of a 69-year-old

Brahmin, Senator Claiborne Pell,

Democrat of Rhode Island, admit-

rial from other politicians.

sense of the unexpected."

can public life

The disclosures about Judge Ginsburg embarrassed Mr. Reagan, who had called his confirmation "vitally important to the fight against crime.

In a brief statement that he read Saturday at the White House, Mr. Ginsburg said, "I bave today asked President Reagan not to forward my nomination to the Supreme

He added: "I was looking forward to sharing with the American people my views about justice and about the role of the courts in our society, Unfortunately, all of the events of many years ago. "My views oo the law and on

what kind of Supreme Court justice I would make have been drowned out in the clamor." Io public, Mr. Reagan supported

his cominee and issued a statement U.S. Court of Appeals for the 4th saying that he accepted the judge's decision "with regret." Behind the scenes, administra-

the nomination was doomed, and the judge was privately urged to

symbolizes the new confessional

Lynn Cutler, vice chairwoman of

the Democratic National Commit-

tee, observed that dope smoking

has become "another small pothole

on the way to the presidency.

Frankly, I think the whole thing

"I've had it with this picking at

Enough is enough," she added.

has gone too far."

things that don't matter.

traditions of civil liberty.

hase in U.S. political history.

president, increasing the impression in the capital that Mr. Reagan is no longer able to control events and summon public support. From under attack.

Withdrawals of controversial nominations and Senate rejection of court candidates are not rare. Of abortions while serving her medical the 143 candidates nominated to the Supreme Court since its inception in 1789, 28 have failed to win confirmation. Twelve were rejected outright by Senate vote and the rest ists that Judge Ginsburg might not of the nominations were withdrawn be as conservative as advertised. by the president or died from Senate inaction.

Judge Ginsburg, 41, praised the president and Mrs. Reagan for heir work oo drug abuse, and expressed the hope that young Americans, "including my own daugh-ters," would learo from bis ters, mistake.

Aside from the drug issue, it was tary said.

tion officials had concluded that disclosed that in his years as a Jusuce Department official Judge Ginsburg had handled a major case step aside.

Mr. Ginsburg's withdrawal is the latest in a series of setbacks for the Canadian-based cable company.

Then, a series of personal disclosures painted a picture of a life style that contrasted with his image as a conservative. As a college sturecord budget deficits to simmering dent he had dropped out of school tensions in the Gulf, the president's to help organize one of the nation's positions on a range of issues are first computerized dating services. He was married twice, and it was

revealed that his current wife. Dr. Hallee Morgan, had performed two residency and had assisted on a The disclosures spurred worries among some lawmakers and activ-

3 Rockets Hit Northern Israel

L'nited Press International HAIFA, Israel - Three rockets fired from Lebanon landed inside northern Israel on Sunday, causing no damage or casualties, the mili-

[APAN: Economic Advice for U.S.

Japanese exports and so threaten Saturday afternoon, tried to allay the Japanese economy, experts say. those concerns. "My principle has These are problems where Ja-always been to seek a consensus, to pan and the United States have open my ear to others, and that I do joint responsibility," Mr. Takeshita not want to change," be said. "But said, referring to a range of eco- now I am in a position where I must

The value of the dollar tumbled to postwar lows in Tokyo and around the world last week. The

when the U.S. treasury secretary, James A. Baker 3d, said Washin ton would rather ward off a U.S. recession than protect the dollar.

secretary, C. William Verity, scheduled a trip to Tokyo for later this month amid calls in Congress for struction concerns.

The new prime minister, answer and rising yen increase the price of ing questions for 80 minutes on

things just on the Japanese side.

The dollar's plunge accelerated

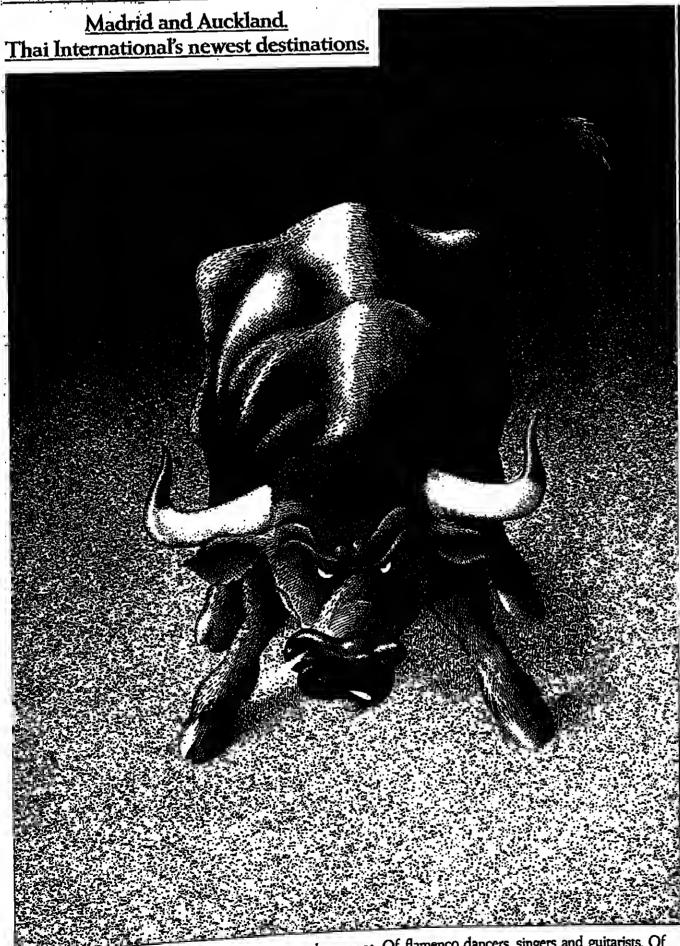
In another development, talks between the two nations on opening Japan's construction market to companies broke down in Washington. The U.S. commerce reprisals against Japanese coo-

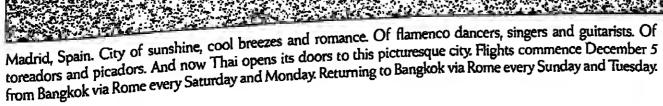
nomic disagreements between the also make a decision and then two allies. "We cannot solve these faithfully execute it." Mr. Takeshita was picked by Mr.

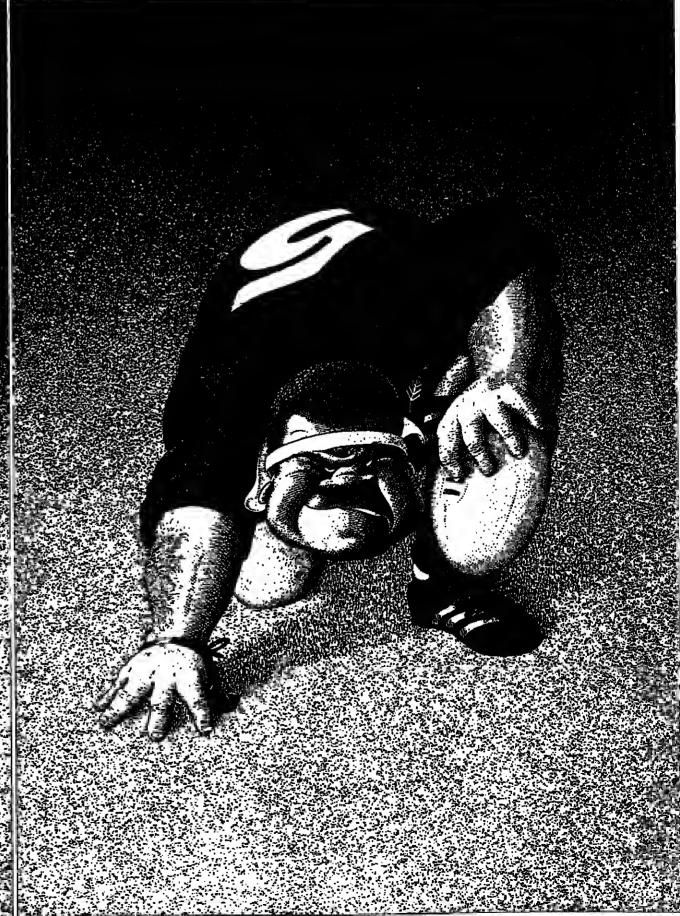
Nakasone as his favored successor last month and approved Friday by the Diet, or parliament. In the Jap-Tokyo stock market followed, de-clining sbarply for the third conservative Liberal Democratic Party has ruled without interruption for more than three decades. no popular vote was needed to bless the change of power. Mr. Takeshita said he would

promptly introduce a budget for next year that would stimulate domestic demand, as Tokyo has promised U.S. officials. Washington hopes a more active domestic Japanese economy will help reduce the trade imbalance.

But Mr. Takeshita also said be would not stimulate demand so much as to risk stimulating inflation too.







Auckland, New Zealand. The perfect starting-off point for a holiday to remember. Skiing, boating, fishing, touring in the land of the famous All Blacks Rugby team. New Zealand has it all. Now Thai touches down there December 6, direct from Bangkok (leaves Saturdays), returns every Sunday.

Haitians Face

More Terror

Fails to Act

By Joseph B. Treaster New York Times Service PORT-AU-PRINCE, Haiti

Last week, Haitians witnessed the

unfolding of a campaign of terror apparently intended to disrupt

of the Duvalier family dictatorship.

Every night since the national election headquarters was guited

by flames last Monday night, there

have been arson and machine-gun

attacks against election partici-pants. Before dawn Saturday, the

for the first time, with three inci-

dents in towns along the central

founded by François Duvalier in

1957 meant misery for most people,

thousands of Haitians, rich and

poor alike, received such benefits

as jobs, freedom to collect graft,

Until last Monday night, when a

dozen men who had worked closely

with Mr. Duvalier and his son

and business monopolies.

Although the dictatorship

iolence spread outside the capital

ctions and preserve the old order

JOHANNESBURG — A South African government official said

Sunday that the release of Govan ers. Mbeki, a former president of the outlawed African National Con-said he still considered himself a gress, will serve as a test case that could influence official attitudes loward Nelson Mandela and other imprisoned black leaders, a newspaper reported.

Mr. Mbeki, 77, was freed from prison Thursday after serving 23 years of a life sentence for treason His release has fueled speculation that the government may soon free Mr. Mandela, considered by many black South Africans to be the country's preeminent black

"The future of Mandela and others is to some extent in Mr. Mbeki's hands." The Sunday Star of Johan-nesburg quoted Stoffel van der Merwe, deputy minister of constilutional planning, as saying. There are some people in jail who have served a long time. The need

for retribution has been fulfilled." However, be said the prospect for the release of additional black leaders would be damaged "if Mr. Mbeki becomes involved in political unrest, trouble or incitement, or

Prior to Mr. van der Merwe's comments, the government had

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REGENCY NY

lease Mr. Mbeki or possible plans nesburg: to free more imprisoned black lead-

member of the ANC and the South African Communist Party, which is also outlawed.

to oppose the government's apartheid policies of racial segregation but that he would not hold an of-fice with a political organization. Mr. Mbeki flew Sunday from Jo-

hannesburg to the southern city of Port Elizabeth, where be is expect-ed to live, friends said. He worked there as a journalist and an ANC jail. official before the organization was banned in 1960. Mr. van der Merwe said Mr.

Mbeki's release is an attempt to break the political deadlock in South Africa. He noted that many black leaders have said they will not negotiate with the government until Mr. Mandela and others are

Mr. van der Merwe also said the government did not want imprisoned ANC leaders to achieve "martyrdom" by dying in jail. "It would give no satisfaction to

■ Talks With Mandela John D. Battersby of The New

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mour Escort Service, Tel; 259 90 02.

Nelson R. Mandela, 69, leader of the ANC, would "bend all his ef- having the right to vote. forts" toward a peaceful solution in South Africa if he were freed, Mr.

Mbeki said Saturday. Mr. Mbeki was allowed to speak to Mr. Mandela for an hour Thurs-He said that he would continue day after he was flown from the maximum security Robben Island Prison to Pollsmore Prison near Cape Town where Mr. Mandela has been held for the last five years.

Mr. Mbeki avoided answering directly a question about whether the government has been talking directly with Congress leaders in

Mr. Mbeki said the Congress, outlawed for 27 years, could inter-vene directly in South Africa by trying to assist peace efforts in Na-

More than 150 people have been killed this year in civil strife be-tween anti-apartheid activists and tribal followers of Chief Mangosuthu Buthelezi, the Zulu leader.

He said the violence in Natal was one of the most important issues he and Mr. Mandela had discussed their meeting, and said the jailed leader wanted both sides to bury the hatchet.

Mr. Mbeki dismissed as "escapist" the government's current ef-

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icipation by blacks to South

African life, which stops short of aving the right to vote.
He said such measures were "ir- As Namphy relevant to the basic issue of politi-

■ Five Slayings Reported

Despite attempts to launch peace talks between warring politi-cal factions in Natal Province, internecine violence in black townships continued to escalate Sunday as police reported five more kill-

ings. The Washington Post reported from Johannesburg.
The killings included that of a 15-year-old black youth whose these are supported by the control of the support of th throat was cut by a gang of rival

Three of the killings were in townships around the provincial capital of Pietermaritzburg, where the factional fighting has been worst. The death toll in the Pietermaritzburg area in the last two months is nearly 100.

The deaths followed three killings reported Thursday in Pietermaritzburg's black township of Ashdown.

gang of youths stoned a private bome, and then broke in and stabbed to death the owner, a 30year-old black man.

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Jean-Claude were disqualified as candidates in the Nov. 29 presiden-ESCORTS & GUIDES tial election, many from the old order thought there was still a MILAN Y.LP. INTERNATIONAL E-cort Service. Tel: (392) 461125. chance to preserve their privileges. TOKYO ESCORT / GUIDE SERVICE Tel: 351 22 78.

With even this long shot shattered, the terror campaign started. ZURICH MARSHA'S ESCORT Service Tel: 01 / 242 36 52 Although widespread support both here and abroad makes the election seem inevitable at some point, AMSTERDAM SEANET ESCORT Service. Tel: (020) 326/00 or 340)10. MUNICH . REMEMBER . ESCORT and Guide Service. Tel: 089/912314 many Haitians and Western diplomats say the Duvalier allies seem NEW YORK-LADY CINNAMON E

determined to try to block them. Lieutenant General Henri Nampby, who rose to head a provisional government with the col-lapse of the dictatorship 22 months ago and pledged to guide the country to elections, has stunned the nation and much of the world by all but ignoring the pre-election violence as well as desperate pleas for protection from election officials and candidates.

On Friday, in his first public appearance in weeks, the reclusive and often incommunicative general bestowed upon himself the formal title of commander-in-chief of the armed forces, but be barely mentioned the spreading terror.

Haitians and diplomats trying to explain Mr. Nampby's failure to exercise the sort of responsibility normally expected of a chief of state say they believe that his bebayior is evidence of a bitter feud that has been going on between him and the civilian Electoral Council since midsummer.

Mr. Namphy was rebuffed by street protests when he briefly

Lieutenant General Henri Namphy, head of Haiti's provisional government, at a ceremony Saturday at the National Palace in Port-au-Prince. Mr. Namphy has been in charge since the fall of the Duvalier dictatorship last year.

seized control of the election process. The protesters and the nine-member Electoral Council insisted that the army, which has historically manipulated elections, leave the election to civilians.

When the Electoral Council asked for administrative support, the Namphy government replied that such assistance would contravene its neutrality. In response to an early request for protection, the government said it would make arrests if election officials could name the culprits, which to this day no one has been able to do.

Mr. Nampby, true to form since his earliest days in office, has given no explanation for his lack of action. Some Haitians say it seems that be does not want the election to take place.

Others, however, have begun saying lately that they think he is trying to punish the election officials and candidates whom he has always regarded contemptuously and has consistently refused to

meet.
"I think the army wanted to

prove to the Electoral Council and the political leaders that we could not have the election without their help," said Grégoire Eugène, a leading candidate who has tended to count the army as among his Supporters.
That is the reason they have let

the situation go from bad to worse," Mr. Gregoire, the Social Christian Party candidate, said. "I think they will probably do something in the next few days."

During the summer, when many protesters were refusing to participate in the election unless Mr. Namphy resigned, the United States argued that his removal would almost certainly delay elec-On Thursday, after Mr. Nampby

took the initial step of posting five soldiers at the temporary offices of the Electoral Council, a U.S. official was asked if this was in response to United States pressure. "Certainly we've been talking to

them," the official said. "but they move at their own good time, and

Mozambique Is Offered More Aid to Fight Rebels

By Paul Lewis New York Times Service UNITED NATIONS, New York — Britain and other Com-monwealth nations are offening military and economic assistance to Mozambique to protect railroads, ports and other development projects against attack by South African-backed guerrillas.

The decision was made last month at a meeting of Common-wealth nations in Vancouver, British Columbia, according to offi-cials involved in the matter.

The Commonwealth secretary general, Sir Shridath Ramphal, ex-siplained the offer to diplomats here. a week ago, describing it as a unique effort by aid donors to safeguard development projects they are financing in a country where: the government has lost control over large areas. Mozambique, a former Portu-

ese colony, faces a campaign by the South African-backed guerrilla-group called the Mozambican National Resistance Movement, or

At the Vancouver meeting, Presi-, dent Kenneth Kaunda of Zambia said that without measures to pro-tect investment, giving aid to Mo-zambique is like "fattening sheep for slaughter" because the money goes to build new targets for the guerrillas to destroy, according to Commonwealth officials. Although Mozambique has not

formally accepted the offer, its foreign minister, Pascoal Mocombi, had been invited to Vancouver for consultations with Commonwealth. leaders and helped draft the final communiqué, diplomats said. In the communique, Common-

wealth leaders agreed to set up "an enhanced program of coordinated. assistance" to help Mozambique improve its railroads and ports and insure their "physical protection."

They promised to give top priority to reopening the railroad linking, the southern port of Maputo to Zimbabwe. The railroad has been closed for three years by fighting in the region.

The Reagan administration has resisted strong pressure from conservative Republicans in Congress. to abandon its support for the Mo-zambican government in favor of the guerrillas. The United States provided \$10

million in economie aid and \$75. million in food aid this year. It has not decided how much food aid to provide next year, officials said.

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Monthly Report for th

Smaller Stocks: How They Fared

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hopens, notes Sarah Whithey, investor ad Balle Gifford Shin Nippon Trust Sel desol-end fund that sportalizes gal stocks. "And foreigners concented

Author reason is that Japanese sm secondarium the larger stocks it specifies the crash. The earnings & sale companies has been better than t min explains Ms Whitee

Canady fears also play a role. Many opin Britain, Japan and conumental igoponors likely to be supperced by a hid managers note. Mr. Kersey meted is proved as relying more on do wood a bit better." The same pher addy Ms. Whidey among Japanese s Missions in corporate culture can p of Some fund managers note that man moranis pay no dividend, while sma farope and Japan usually pay out : soles amount. These dividend yields

or their stock prices

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S the premier center for in ional fund management, La represented ground zero for it tober stockmarket bomb. ad landwinging of last month, nor w lay investors in unit trusts and off the found that dealings in their fund appealed. Others found that they could be fund could not specify at what they are trusted in the fund could occur. In an irrespiration would occur, in an irrespiration would occur.

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S Offered More Aid to Rebels PERSONAL INVESTI UNITED NATIONS Vork — Britain and other to monwealth nations are offer to Moreambique to protect to mode, ports and other developed African-backed guerrilla. The decision was

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group called the Mozambia

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The decision was made to month at a meeting of Commonth at a meeting of the matter. **Smaller Stocks: How They Fared**

The Commonwealth some general Sir Shridath Ramphi c plained the offer to diplomate a speek age, describing it as the effort oy aid donors to a speek age describing it as a country are financing in a country to the government has lost on the trembling lips of Wall Street portfolio managers these days is the "flight to quality." Still traumatized by October's calamity, professional investors are taking refuge in the government has lost on the periods of uncertainty the chare prices of the most often-heard phrases on the trembling lips of Wall Street portfolio managers these days is the "flight to quality." Still traumatized by October's calamity, professional investors are taking refuge in brawny balance sheets and solid dividends.

In such periods of uncertainty the chare prices of Mozambique, a former ha Mozambune a tomer be guese colony, faces a campant the South African-backet prot the Mozambune

In such periods of uncertainty, the share prices of smaller U.S. companies suffer disproportionate damage. Smaller-company stocks typically carry higher price-earnings ratios, and, in times of economic anxious investors are quick to mark described. ety, investors are quick to mark down their prices.

ety, investors are quick to mark down their prices. October proved no exception.

A gange of the difference can be found in the performance of Standard & Poor's 500 index, which includes a good measure of the biggest U.S. blue chips, and the Nasdaq OTC composite index, which reflects the performance of smaller companies. In October, the OTC composite index dived about 28 percent, while the S&P 500 fell 23 percent.

But the relationship was reversed in the major nontect investment, giving aid to a zambique is like "fattening to for slaughter" because the ac goes to build new larget for acceptance of the state o

But the relationship was reversed in the major non-U.S. markets. In Japan, Britain and West Germany, smaller stocks on average seemed to weather last month's downturn better than the local blue chips. Stocks on Tokyo's first section, where blue chips dominate, slid an average 12.6 percent in the month, while the second section, where smaller companies dominate, fell only 10.2 percent.

had been invited to Vancour consultations with Commons leaders and helped draft the In Britain, Hoare Govett's index of smaller compa In Britam, Hoare Govett's index of smaller company stocks was off about 23 percent, while the FT All Shares index fell over 26 percent. And in West Germany, an index of 100 smaller company issues calculated by Schröder Münchmeyer Hengst & Co. was down 19.4 percent while the Frankfurter Allgomeine Zeitung index fell 26.3 percent.

Given the thinness of trading in small-company stocks in these markets even in the best of times, the validity of indexes in an unsettled market is one to In the communique Cone wealth leaders agreed to same enhanced program of coordinassistance to help Mountain improve its railroads and post improve the rail

validity of indexes in an unsettled market is open to question. House Govett figures that a stock in its index trades on average once every three days, compared with over three times a day for FT All Share

Indeed, trading in small stocks in all the major markets dried up during the worst of the October frenzy. "Liquidity just disappeared," reports Roger Kersley, manager of Aetna's U.K. smaller companies fund. There were also "huge anomalies" in share

prices, he says, with some stocks in his portfolio up 20 percent end others down by as much.

Still, fund managers who specialize in non-U.S. markets say there are structural reasons why smallercompany stocks tended to show more resilience than blue chips. One factor is that non-U.S. markets tend to be more swayed by foreign buying than is Wall

In Tokyo, "the yast majority of selling has been by foreigners," notes Sarah Whitley, investment manager of Baillie Gifford Shin Nippon Trust, a Londonlisted, closed-end fund that specializes in Japanese small stocks. "And foreigners concentrate on larger

were outperforming the larger stocks in the period just preceding the crash. "The carnings growth of the smaller companies has been better than the rest of the market," explains Ms. Whitley.

Currency fears also play a role. Many of the blue chips in Britain, Japan and continental Europe are big exporters likely to be squeezed by a weak dollar, fund managers note. Mr. Kersey noted that companies perceived as relying more on domestic sales "survived a bit better." The same phenomena was cited by Ms. Whitley among Japanese stocks.

Differences in corporate culture can play a role as well. Some fund managers note that many U.S. small companies pay no dividend, while small companies in Europe and Japan usually pay out at least some modest amount. These dividend yields tend to cushion their stock prices.

S the premier center for interna-tional fund management, London represented ground zero for the Oc-tober stockmarket bomb. Fund

managers will not soon forget the devastation and handwinging of last month, nor will the

investors in their funds.

Many investors in unit trusts and offshore funds found that dealings in their funds was suspended. Others found that they could sell, but the fund could not specify at what price

the transaction would occur. In an ironic turn,

funds were forced to adopt a pricing system

they criticized when it was proposed by regu-

Even several days after the Oct. 19 plunge, brokers acting on behalf of private investors had difficulty doing business with unit trust

"It's been very, very awkward indeed to try and deal with the management companies,

acknowledged Neil Stapley, managing direc-tor of NatWest Stockbrokers, a division of

National Westminster Bank. Telephones went manswered or were almost constantly en-

gazed, according to some intermediaries.

Overall, London's biggest fund management companies reported surprisingly light levels of redemptions. Bill Stuttaford, chairman of the the transfer of the transfer

man of the Umt Trust Association, noting

that widespread selling has not taken place to date, said: The majority of unitholders seem

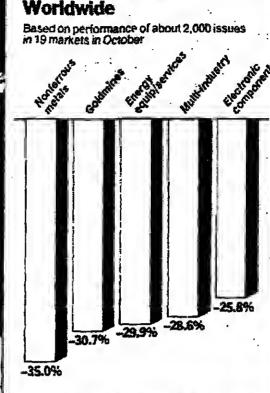
to have accepted that unit trusts should be a long-term investment. and are therefore sit-

FUNDS =

William McBride



On Oct. 20, London equity traders stayed glued to the screens.



Worst Hit Sectors

Source: Morgan Stanley Capital International

Global Themes After the Crash

By Marybeth Nibley

London EITH Brown recalls a number of inquiries his firm received earlier this Middle East. They all shared the same concern. Why were their portfolios so heavily weighted in bonds even though stock markets worldwide continued to

Nowadays, Mr. Brown, the chairman of Worldinvest Ltd., can look back at those times with a certain amount of self-satisfaction. The brutal treatment equities have received since the latter half of October has made everyone in charge of an asset allocation fund who was favoring fixed-income investments appear prescient.

- indeed, the balanced accounts managed by Mr. Brown's firm emerged from October's carnage relatively unscathed. A global mutual fund, for instance, lost 2 percent of its value in October. By contrast, the average re-Morgan Stanley Capital loternacional declined by more than 17 percent in

"To come through the crisis of October with a 2 percent fall, we're quite proud of it," says Mr. Brown, whose firm is still legally known as BA Investment Management International Ltd. There is a tentative agreement to purchase the firm from its parent, Bank of Americas, in a management buyout

This is not to say that all of firm's portfolios escaped the bloodbath. Mr. Brown acknowledges that funds invested solely in stock did poorly, a disappointing performance that was compounded by the fact that Worldin-

Bonds helped Worldinvest avert damage

vest previously decided to stay away from the Japanese market, which with-stood the crash better than most mar-

Of the \$2 billion under management, more than half comes from the United States, 12 percent from the Middle East and the remainder from Europe and Canada. Mr. Brown takes pride in a decidedly blue-chip clientele, which includes institutional investors, largely pension funds, insurance companies, endowments, multinational organizations, mutual funds and founda-

In terms of strategy, the firm is clearly a sector player, placing empha-sis on groups of stocks regardless of geographical boundaries. This philosoby that "owning the right sector can be as important as owning the right market" has meant portfolios often have market exposures which differ greatly from the weightings assigned by widely used global indexes.

For example, as of September, the global equity portfolio allocated 20

percent of its assets to the United States and nothing to Japan, while the Morgan Stanley Capital International Index gives the two countries weight-ings of 37 percent and 34 percent, respectively. Conversely, the same portfolio devoted 21 percent to Spain, a market with a tiny global weighting

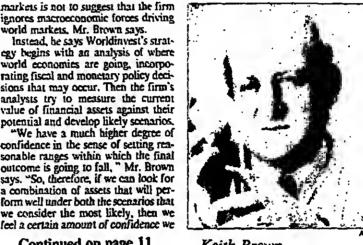
of one percent.

The emphasis on sectors rather than

ignores macroeconomic forces driving world markets. Mr. Brown says. Instead, he says Worldinvest's strat-egy begins with an analysis of where world economies are going, incorpo-rating fiscal and monetary policy decisions that may occur. Then the firm's analysis try to measure the current

value of financial assets against their potential and develop likely scenarios. "We have a much higher degree of confidence in the sense of setting reasonable ranges within which the final outcome is going to fall, "Mr. Brown says. "So, therefore, if we can look for a combination of assets that will pera combination of assets that will perform well under both the scenarios that we consider the most likely, then we feel a certain amount of confidence we

Continued on page 11



Keith Brown

Wall Street Strategies: **Safety First**

By John Meehan

UGH Johnson's job is to invest in stocks. It is a task, however, he has not relished since Oct. 19 turned his world upside down. In an environment characterized by its unpredictability, defensive themes and the unsettling notion that a recession looms around the corner, First Albany's chief investment strategist is the first to acknowledge that he has yet to find opportunity amid the

"There was a shock to the financial system and people are still nervous that something worse will take place," he says. "I'm just playing it safe."

He is not alone. Three weeks after the market collapse left investors numbed and considerably poorer, Wall Street is still marking time in hopes that some clear-cut strategy will emerge. Falling interest rates and hopes that budget cutters in Washington will reach a compromise may have reduced the level of anxiety in the marketplace in the near term. Apprehension about the long term remains.

"One of the problems is that the market can't find a handle," says Monte Gordon, investment strategist for Dreyfus Corp. The volatility will continue for some time. Most investment strategists have been telling their clients to

stay put, displaying little inclination to reduce the sizable cash positions in their model portfolios.

Even the tentative gains that the market has made since the Dow Jones Industrials Average slid 508 points to 1,738.74 on Oct. 19 have offered little reassurance that the bad times are The talk among market forecasters these days has less to do

with new highs for the Dow than trying to gauge a trading range for the rest of the year. Many believe the index will fluctuate between 1,800 and 2,200, a far cry from the record 2,722.42 reached oo August 25.

"I think the bulk -if not all -of the price decline is behind us," says Steven Einhorn, chief investment strategist for Gold-man, Saehs & Co. "But I think we have to give the market time

man, Saens & Co. "Hull I think we have to give the market time to stabilize and repair the damage. You have to be defensive."

To Mr. Einhorn, this means a model portfolio that is only 40 percent invested in stocks, with the rest divided evenly between bonds and cash. Merrill Lynch's investment chief, Charles I. Clough, recommends a similar exposure to equities, but favors an equal commitment to bonds, with the remainder in cash. The portfolio recommended by First Albany's Mr. Johnson is even more conservative. Fifty percent in bonds with the rest in stocks and cash.

There is a surprising chorus of unanimity among analysts when selecting stocks in the current environment. The so-called

Continued on page 10

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ting tight for the present."

But skeptics say a big wave of redemptions

But skeptics say a big wave of redemptions is still likely. Given the dealing suspensions and pricing havoc, fund investors had little choice but to sit tight, they say. Investors who decide they have no stomach for such volatility will be indicated to call if prices substant ty will be inclined to sell if prices rebound

The natural instinct of people is to hate selling at a loss so they hang on," one broker commented. He said some of his customers who were not willing to sell in the uncertain pricing situation would likely bail out if the markets recover. A few unit trust managers said they believe brokers are holding sell orders to be transacted when conditions im-



London: A Month Funds Won't Forget

Many unit trusts took unsettling dives. The average U.K. growth trust was down about 26.6 percent during October, according to Opal Statistics Ltd. Unit trusts that target Hong Kong shares incurred setbacks of as much as 40 percent.

The bright spots were funds that focus on cite. British approximent bonds. The best-

gilts, British government bonds. The best-performer during the month was Kleinwort Barrington Gilt Yield Fund, up about 11.6 Despite the damage to many, the week of

the Black Monday saw fairly light redemptions - in many cases lighter than usual "There's been no wave of redemptions at

all," reports Christopher Tracey, investment director of Save and Prosper Group. Save and Prosper had about 200 redemptions a day during the week after the crash, or 100 fewer daily redemptions than normal, according to Colin Rye, administration director.

At the Framington Group, Managing Di-rector Tim Miller called redemptions "sur-prisingly small." Redemptions by customers exceeded new sales by £1 million from Oct. 1 to 28, he said. Much of this net outflow reflected money being pulled out of funds invested in North America.

The M&G Group even had a net inflow. albeit smaller than it normally has. In the week ended Oct. 23, the net inflow totaled £2 million, down from a regular weekly inflow of about £4 million. "We found that people were keen to buy the gold fund and keen to sell American funds," says Roger Jennings, M&G's marketing director.

Many management firms called off busi-ness-as-usual on the Tuesday following the big price plunge and had dealing delays at least the rest of that week. Rapidly collapsing share prices placed the fund managers in a

The Department of Trade and Industry requires units to be valued based on the price of the securities in the trust. And, according to some trust deeds, units must be revalued when equity prices move by 2 percent to 3 percent.

Yet share prices were fluctuating by far larger percentages over periods of just a few hours. Moreover, few management firms are equipped to calculate a unit value more frequently than once a day. This made it virtually impossible for funds to accurately price their

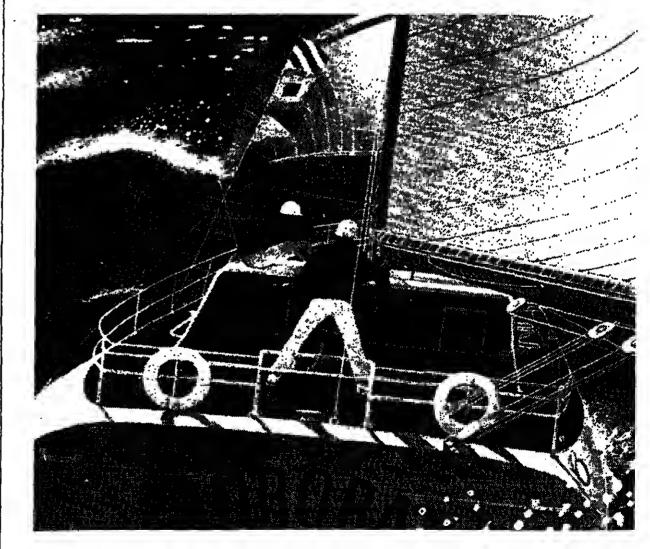
If firms had continued to redeem units, it was clear that the redemption price would often be far higher than the value of the underlying securities in the fund when the time came to settle accounts. That would be unfair to the remaining holders. Several unit trust groups felt they had little choice but to suspend dealings

OME groups, such as Touche Remnant Unit Trust Management Lud, managed to deal each day after the crash by abbreviating hours. Martin Hoare, a director of the group, said some days Touche Remnant did not start dealing until 5 P.M. and carried on until 8 P.M. Adding to confusion was the weeklong decimal of the Hong Confusion was the weeklong closing of the Hong Kong Stock Exchange. It was impossible to price the units of any fund with holdings in Hong Kong.

Callers who did get through found, in many cases, that their orders only would be accepted on a blind basis, meaning that the prices would be fixed later. Rather than deal at unknown prices, some customers took no ac-

The fund's resort to "blind pricing" — also known as forward pricing — has caused some Continued on page 11

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HE Standard & Poor's 500 index fell 17.8 percent and the majority of equity mutual funds tumbled more than 20 percent. Yet despite the distinctly hostile stock market in the last two weeks of October, at least one group of funds proved surprisingly resil-

Asset allocation funds attempt to reduce volatility by investing in a variety of holdings from pre-cious metals to equities, and diversification best explains why they fared better than other mumal funds. Asset allocators posted an average return of 5.3 percent from the start of the year through Oct 29, according to Lipper Analytical Services. This compared with a negative 4.62 percent return of the standard equity fund and the S&P's anemic 1.07 percent

This seeming ability to sidestep the storm that swept through the market last month has oot been lost on the public. At a time when nany mutual funds are experiencing heavy redemptions, the asset allocators are registering minimal redemptions and in some cases are even attracting new customers.

Still, many industry observers say they are not convinced that asset allocation funds offer the best investment strategy, especially if the market's fortunes change. While agreeing that the lower volatility of these funds is appealing, they remain concerned about what they consider critical defects in

strategy.

For some funds, these include an unusually heavy reliance on historical price movements to forecast returns and divide assets accordingly. And in the case of the most flexible funds, there is a tenthey tend to make big bets, which cao translate into significant dency to concentrate big investments in certain areas.

There are e half-dozen funds that are considered to be pure asset allocators by the investment Company Institute, the leading trade organization for the U.S. mutual fund industry.

Limiting Losses The integration of selected asset allocation flands compared to general equity hands and the Standard & Poor's 500 index. PaineWebber Asset Allocation +1.3

+15.9 Right Time Permanent Portfolio +10.2 +14.5 -11.6 **Blenchard Stretegic USAA** Cornerstone +11.5 essandiya baki Markatan Markatan General equity funds Standerd & Poor's 500

Some constantly shift the perknowledge that losses would have centage of holdings among a wide been closer to the S&P and general range of investment groups, while equity fund averages if they had others maintain fixed percentages. Still others limit themselves to a not begun pulling out of stocks before the market collapse. Andre Sharon, chief portfolio manager for Blanchard, says his fund had oarrower range of investments typically, stocks and bonds. The two diversified funds with as much as 73 percent of its assets concentrated in domestic and for-eign stocks as recently as July. the greatest flexibility, Blanchard tegic Growth in New York During the crash, Blanchard reand Bailard, Biehl, Kaiser Diversa

in San Mateo, California, showed

higher-than-average losses for as-set allocators during the October

Blanchard fell 11.06 percent

during the worst week of the crash

and BBK Diversa (ell 8.82 per-

cent. In the same period, the aver-

age asset allocator dropped only 6.2 percent. The S&P and the aver-

age general equity fund both fell about 16.5 percent.

ble funds dropped is oot surpris-ing," says Gerald Perritt, the edi-

tor of The Mumal Fund Letter in

Chicago, "When they shift assets,

losses when the market turns

into four basic groups: foreign and

domestic stocks, gold and bonds.

BBK also invests in real estate

Management at both funds ac-

partnerships.

The funds divide their assets

The degree to which the flexi-

boosting cash and precious metals holdings.
"Unfortunately," says Mr.
Sharon, "those precious metals assets were in the form of equity for greater leverage. Their value raced ahead of bullion's and they got hammered in the market col-

duced that stake to 48 percent,

Going into the downturn, BBK had a slightly lower 41 percent of its assets in stocks and only about
6 percent in gold, reallocating
some holdings to bonds.
Both funds have since increased

bond and cash holdings with BBK putting 59 percent in this area; Blanchard boosted its exposure to 48 percent. For the moment, nei-ther fund is making big plays. "I just don't know where the markets

are going," Mr. Sharon says.

Although Blanchard and BBK consider themselves value investors, a number of experts believe their allocation strategy is more akin to speculative market timing.
"Only those willing to stomach the risks of an aggressive general equity fund should consider put-ting money in it," says Royal Le-Mier, editor and publisher of the Mutual Fund Specialist in Eau-

Janet Brown, editor of the San Francisco-based No Load Fund X, says the more flexible funds should be evaluated on the basis of menagement skills, out their

Funds that pursue a fixed asset allocation have done no better over the long term. USAA Corner-stone limited its losses in the week following the market's slide. It showed a negative return of 12.42 percent in the seven trading days that ended Oct. 23, according to

Cornerstone's portfolio is almost evenly split between gold, domestic and foreign equities, bonds and real estate. While it tends to be value oriented in its

domestic stock portfolio, its international portfolio, like those of the other asset allocators, is heavily weighted toward more speculative markets like Japan.

Quarterly allocations in each investment area may vary within a narrow range of 18 percent to 22 percent, though Harry Miller, the portfolio manager, acknowledges "it's not unusual for us to be in a particular investment group as much as 25 percent or as bittle as

Still, some critics believe this approach remains too rigid. "I'm dissapointed with funds like Coroerstone that clearly have a responsiblity in maintaining a defensive position,," says Ms.

The Permanent Portfolio, managed from California, is by far the most rigid of the asset allocators. It invests in six areas: U.S. Gov-ernment bonds (35 percent), gold bullion (20 percent), real estate and natural rescources (15 percent). Swiss francs (10 percent) and silver bullion (5 percent).

While the fund's managers claim their portfolios are designed to do well in any environment runaway inflation or recession in their five years of existence they have never managed to match their own computer-predicted average annual return of 15 percent. In fact, in 1984 the fund generated e negative return of 13 percent because of flat equity markets and

plummeting gold prices.
Part of the fund's problem, says
Sheldon Jacobs, the New York based editor of the No Load Fund



Andre Sharon

Investor, is that the computer model used by Permanent Porti ho to divide its assets is based on market movements in the 1970s

The Paine Webber Asset Allo. cation fund in New York and the Claremont Combined fund in California are perhaps the easiest for investors to understand became they limit their investments to stocks and bonds.

Yet, Michael Lipper, president of Lipper Analytical Services, says that such funds are the most volatile of the asset allocators. Indeed Paine Webber portfolio was among the best performers in the week of the crash - up 6.07 percent - largely because 83 percent of the funds assets were in

Taking Refuge in Money Market Funds

By Carole Gould

New York HE rout on Wall Street has produced at least one clear winner: money market funds. "Panic in the equity markets creates a flight to safety, and money funds are one of the few groups to bene-

fit from the general market tur-moil," says Glen King Parker, publisher of Income and Safety, a Fort Lauderdale, Florida, newsletter covering fixed-income invest-

Three weeks ago, skittish investors moved \$9.64 billion into taxable mooey market mutual funds, a record one-week inflow, with most of that mooey coming from sales of shares of mutual funds that invest in stocks.

ties offered by brokerage firms and mutual fund companies. investors can check the maturities of the various funds in the financial pages of U.S. newspapers. The average maturity is about 40 days. Mr. Parker recom-

extends beyood 100 days. The funds typically invest in a mix of Treasury securities, negotiable certificates of deposit, commercial paper and other highly liq-uid, short-term securities. "The safest thing in the world to own is a Treasury bill," says John Markese, director of research for the American Association of Individ-

As a fund increases its other

The total assets of the money

funds rose to \$256.84 billion, also a record, according to the Investment Company Institute, an in-dustry group. Two weeks ago, the funds took in \$1.16 billion more. Many banks have also been experiencing a surge of deposits in their money market accounts, which pay market rates of interest. Money funds — there are 410 taxable ones and 155 that are tax free - are diversified portfolios of short-term money market securi-

mends asking questions if the term

holdings the yield rises, but so does the risk. For example, two weeks ago, funds that invested solely in Treasury obligations yielded 5.77 percent, says Susan M. Cook, editor of Donoghue's Money Fund report, a newsletter that surveys the funds each week. Funds that also invested in government agency paper, like obliga-tions of the Federal National Mortgage Association, yielded

6.29 percent The riskier funds buy top-rated paper of banks and corporations; Eurodollar deposits; Yankee dols, deposits at domestic branches of foreign banks, and various lower-rated paper. The most aggressive funds yielded 6.75 percent, almost a full percentage point more than those buying just Trea-Yields may also reflect different

administrative costs. While money funds have no sales charges, inves-tors are well advised to check the prospectus to see that the fund's expenses are in line. Expenses of one-half to three-quarters of I percent of fund assets are considered reasonable. Anything higher than that - there are a number of funds whose expense ratios approach I percent, Mr. Markese says — should be avoided. Another factor is size. "Unlike

the equity funds, size appears to be an advantage for money funds" in generating higher yields, Mr. Parker says. The Merrill Lynch Cash Management Account is the largest, at \$18 billion, he says. The next biggest are Merrill's Ready Assets Account, Fidelity Cash Reserves and Dreyfus Liquid Assets. Then it becomes a question of

ments range from \$500 to \$50,000. with most funds requiring \$1,000. to \$2,500. Most funds do not allow investors to write checks below a certain amount, typically \$500: However, some permit checks for \$250 and a few, like the Capital Preservation Fund, have a \$100

Shaken investors who are now unwilling to accept any risk, how-ever small, might prefer to keep funds in a bank money market deposit account, Authorized by Congress in 1982 to allow banks to compete directly with money market mutual funds, these accounts are insured for up to \$100,000 by the Federal Government.

The bank money accounts generally yield about one-half percentage point less than the money funds because the banks' cost of doing business usually exceeds that of the funds, said A. Michael Lipper, president of Lipper Analytical Services, which tracks matnal funds. Sometimes the gal-widens even more: A week after the Oct. 19 market crash, the bank money accounts yielded 5.68 per-cent while the money fund; brought in 6.70 percent.

Bank customers can write three fee. Monthly maintenance charges should average no more than \$8 to \$10 and may be waived if other accounts are maintained. But additional charges may be imposed —or the interest rate cut — if the account balance falls below minimums that range from \$500 to

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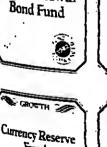
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The Premium On Minted Memories

By Cynthia Catterson

N RECENT years, commemorative coin issues have become a convenient way for governments to raise revenue. Indeed, almost every major event in the world seems to be chronicled by the local mint. But the flood of new issues has not translated into the kind of investment opportunities that the purveyors of these coins would have the public believe.

have the public believe.

"Now it's gotten to the point where every country, big and small, is finding excuses to mint them. The end result is that there are few that have any relevance in terms of investment," complains Paul Wood, senior cataloguer in charge of coins at Sotheby's auction house in London.

This is not to say that all commemorative coins have no investment appeal. In general, coins struck

have no investment appeal. In general, coins struck before the 1950s continue to appreciate in value. For example, the set of British coins struck for the 1937 George VI coronation, which originally sold for £10 are now worth about £1,200.

Mr. Wood, however, says that most of the modern commemoratives auctioned at Sotheby's command little more than the going rate for the silver and gold

In large measure, the depressed prices reflect the frequency of new issues, as well as the sharp increase in number of coins minted for each occasion. "Thirty years ago, 10,000 coins in an issue was considered very big. Nowadays, that would be considered modest," says Alistair Gibb, a coin specialist who writes frequently about coin investing from his home in Fife, Scotland. Indeed, issues in the millions these days are not imusical

In addition, he says, the nature of the market is changing. Once dominated by numeronatics who cast a critical eye on every new issue, the market is now

much broader and populated by individuals who are more interested in coins as gifts and souvenirs.

The lack of consumer expertise, Mr. Gibb argues, has allowed sales agents to increase premiums. This, in turn, depresses their value on the secondary market. The negarity sales are offering less rapity at a ket. The newer issues are offering less rarity at a higher premium, so the chances of appreciation are

/ usually nil," he explains,

') Unlike bullion coins, which are sold to investors who are looking for a hedge with precious metals, commemorative coins are generally limited edition pieces sold to collectors. The typical premium for a bullion coin is between 5 percent and 7 percent above the metal content, for commemoratives the premium can be as high as 50 percent and 60 percent.

.For these reasons, coin specialists caution individ-- For these reasons, coin specialists cauton manufulals against buying modern commemoratives solely as investments, "Collecting commemoratives is much like collecting art. Very few people buy it just for investment purposes, they do it because they enjoy it," says John P. Norris, head of the precious metals department at Citibank in New York.

Add Charles Hagger head of precious metals at

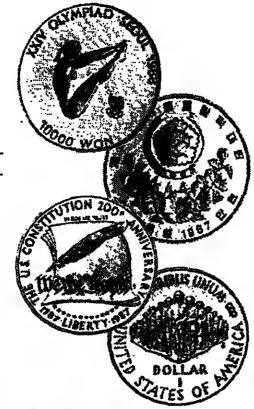
Adds Charles Uaeger, head of precious metals at Bank Leu in Switzerland, "If you buy a commemora-tive coin, you will have a nice coin and pay a high premium to have it. It is better to stay concentrated in bullion coins if you are investing in coins."

Still, for collectors with an eye toward investments,

there are some guildelines to be aware of when

For one thing, details such as design and condition can affect the value of a coin on the resale market. An older coin that has been cleaned, for example, could Hbe worth less than one that shows its age. However, a finish, should never be removed from their scaled plastic cases because their resale value can fall if they

(10) standged with fingerprints. Though the value of a commemorative coin is



Commemoratives

Top. a one-ounce, 10,000-won silver coin commemorating the Seoul Olympics. Below is the one-dollar coin issued in connection with the U.S. constitution's 200th anniversary.

affected somewhat by the price of precious metals, demand in the collectibles market ultimately determines the pace of appreciation. Scarcity is the most important factor. Therefore, individuals must con-sider both the number of coins that were minted and the base of collectors for a specific issue.

"It's not so much the number minted as it is the number minted compared to the demand. A coin with 5,000 mintage could be fantastic in a niche market," notes Mr. Norris at Citibank.

A good illustration is the U.S. Statue of Liberty coin, which commenorated the statue's centennial last year. Although it was a large issue, 500,000 coins, the celebration surrounding the event had a large international participation. In the end, demand for

the coin exceeded the supply. At one point, the \$5 gold coin which originally sold for \$165, was commanding \$600. Today, the coins sell for about \$350. Forecasting demand, however, is risky. Speculators hoping that this year's U.S. Constitution coin, minted to honor the bicentennial of the U.S. Constitution, would generate similar returns as the Liberty coin, learned this the hard way.

HE EVENT did not capture the same worldwide attention as the Liberty gala. Furthermore, explains Alan Posnick, vice president at Manfra, Tordella and Brookes, a New York coin dealer, the U.S. Mint struck one million Constitution coins, twice as many as were minted for the Liberty series. As a result, the price of the \$5 uncirculated gold coin has more or less remained unchanged since it was issued at \$235 a few

Some coin experts suggest that demand peaks when a popular theme, such as an Olympics, overlaps with a country whose coins are popular among col-

This may be the force driving the high demand for the Seoul Olympic coins at the moment, says Mr. Posnick, the only firm in the U.S. to market the coins. Meanwhile, those wishing to sell their poorly perning commemoratives, might find a kinder market if they wait until another, similar event occurs.

"There is always a brief surge in interest in previous Olympic coins while an Olympics is in progress," says Mr. Posnick.

Gold's Tarnished Image as a Haven

This year, it has proved to be one of the better-performing investments

By Anise C. Wallace

HEN investors fear the return of high inflation or believe financial calamity is immi-nent, gold is the usual safe haven of choice. Yet, despite the gyrations of the stock market, many successful investors do not believe either of those elopments is likely.

Many strategists are even recommending that investors Many strategists are even recommending that investors stay away from gold. And those who already own bullion or gold shares, these advisers say, should sell before prices drop further. "I can't see owning gold unless you think the whole system is going to unwind," says Neil J. Weisman, general partner of Chilmark Capital, who moved his cients' funds into Treasury bills a week before the market fell

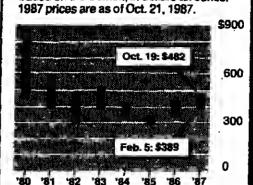
Most money managers are avoiding gold for three chief reasons. They do not view the recent panic on Wall Street as a warning that the financial system is on the brink of collapse. "Greenspan demonstrated that the Fed stands behind the system," says Richard Russell, editor of the Dow Theory Letters, referring to Alan Greenspan, the irman of the Federal Reserve Board.

These advisers also do not see a return of the double-digit inflation. In fact, many financial experts believe that deflation is a more likely possibility. "I think the market crash portends mild deflation, definitely not inflation," Mr. Russell says. The third reason to avoid gold is that it will not rise further, they say, because there is a fairly stable

balance of supply and demand.
Until recently, the price of gold had been climbing from

Gold: A Barometer of Financial Jitters

Yearly range in the spot prices of gold traded on the Comex, in dollars an ounce.



Source: Commodity Exchange Inc.

the recent low set in February 1985. As the dollar declined in value, the price of the metal surged. In fact, this year it was one of the better-performing investments. The price of bullion was up 17 percent, and gold-oriented mutual funds, which invest in the stocks of gold-mining companies, were

But gold moves on emotion, and that keeps many professionals from buying it. "I have a hard time betting on psychology," says Jonathan Berg, president of New York's Berg Capital Corp. And psychology has driven gold higher for much of this year, Indeed, throughout 1987 experts have suggested that the metal's price advance has been

have suggested that the metal's price advance has been based on fear of the tensions in the Persian Gulf and the perception, rather than the reality, of higher inflation.

Professional investors dislike gold for a variety of reasons. They think the psychology of gold investors is overly bullish. When sentiment is optimistic, that indicates gold followers remain fully invested and no one is left to buy.

Moreover, the stocks of mining companies, one of the

more favored vehicles for investing in gold, are extremely vulnerable, according to many analysts. Prices of mining companies increase faster than the price of gold because an increase in the metal raises profit margins at a faster rate.

At their peak, mines were selling at 70 times their earnings. Gold-oriented mutual funds were up more than 75 percent before the stock market began its fall in Septem-

ESPITE THE concerns of these advisers, some financial planners suggest that individuals maintain at least 5 to 10 percent of their savings maintain at least 5 to 10 percent of their savings are protected no matter what happpens. Gold is "somewhat of an irrational investment," concedes Christiane S. Delessert, vice president of Scidman Financial Services in Boston. But she says it has a "definite" place in a portfolio. Investors who decide to own gold have several ways they

Bullion: Investors can buy gold coins and lock them in a sale deposit box. Or they can buy bullion from dealers.

Coins, like the American Eagle, the Canadian Maple Leaf or China's Gold Panda, carry a premium over the gold bullion content but they do not have to be assayed and can be stored more easily than bullion.

Gold stocks: The stocks of mining companies are considerably more volatile than bullion. Certain ones, like those of South African mining companies, have political risks as

Gold-oriented mutual funds: Individuals who want to own mining stocks but do not know which ones to select will be most comfortable with a fund that owns a broad

range of gold stocks.

Gold futures: This is probably the most speculative way to invest in gold. Gold futures contracts require investors to buy or sell gold at a specific price on a specific date, no

matter what metal happens to be trading for that day.
Profits can be huge, and so can losses.

CD's tied to gold: The Wells Fargo Bank in San Fransisco introduced "gold market certificates" earlier this year. The interest rate of these certificates of deposit is tied to the price of gold. As with other certificates, the holder's principal is guaranteed up to \$100,000. But there is no guaranteed interest rate.

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The Bullish Case for Another Surge in Platinum

By Alice Oshins

New York T IS MORE volatile, unpredictable and ever more expensive than any other precious metal. Yet, for analysts who have spent the last couple of weeks scanning the horizon for signs of a resurgence in metal markets, there are strong funda-mental arguments for another rai-ly in platinum.

"Platinum is potentially the

most attractive, while being the most volatile," says Fredric Levin, general partner of Lazard Freres & Co. in New York. "We're bullish on platinum, but in the content of diversification."

Even though precious metals prices have slipped in recent weeks as lower interest rates have eased inflationary concerns, metals spe-cialists contend that platinum's scarcity is bound to play a role in the metal's fortunes over the long

Only three million ounces are produced each year, as opposed to 60 million ounces of gold. And 80 percent of the world's total supply

comes from three mines in South Africa, Rustenburg, Impala and Western. The Soviet Union and

Canada produce the rest. Demand continues to grow, bowever. Platinum is already widely used in electronics, and its industrial use is expanding. It is estimated that it is used in the production of one in five manu-factured goods nowadays. Already an integral component

in catalytic converters for automobiles in the United States, some analysts see a shortage developing in 1988 when the European Community mandates converters.

investor demand is also grow-ing. Purchases solely for invest-ment now account for 16 percent of total demand compared to two percent five years ago. "The appetite for platinum has been tremendous," says Jacques Luben, director of the Platinum Guild International

Over the past year, fear of infla-tion and a weaker dollar have been the locomotives behind the surge in platinum prices. In February 1985, the metal hit a low of \$236 an ounce and has been climbing for 21/2 years to its current range of \$580 to \$600 per ownce. The \$559 average price for platinum for the first three quarters of 1987 is up 36 percent over last year's average of

\$410 for the same period. The climb, of course, has not all been smooth sailing and under-scores the metal's volatility. In September 1986, for instance, concern over heightened unrest South Africa pushed the price of platinum to a high of \$682 per ounce. Yet, at month's end platinum was at \$540 an ounce, a \$142

By December, platimum had dropped to \$460 an ounce before resuming its climb to \$535 per ounce by January, 1987. The metal

then peaked again at \$620 an ounce last April with talk of stabi-lizing the dollar. Since then, prices have slipped back to around \$525.

OR many investors, vol-atility remains plati-num's biggest appeal and sets it apart from gold and silver. Wherever precious metals prices go, so goes platinum --- only more so. Prices rise and drop quickly in this market," says Rhona O'Connell, precious metals analyst at Shearson Lehman Brothers in London.

When gold peaked at \$825 in 1980, platinum was at its all-time high of \$1,045. But when gold fell to \$298 per ounce in 1982, platinum sunk even lower to \$244 per ounce. Still when the precious ounce. Still, when the precious metals take off, she says, "platinum is the strongest performer

platinum prices will recover to a broad trading range of \$580 to \$600 over the next few months. In three to five years, however, a number of experts say there is a good chance that plannum will beat its 1980 high of \$1,045 when the metal topped out at the height of inflation

of inflation. "Platinum could even go as high as 10 to 12 percent beyond that level to \$1,200 to \$1,300," says Martin Armstrong, a technical an-alyst and president of Princeton Economic Consultants,

Still, metals analysts caution that even the upbeat outlook would change dramatically if the world economy slips into reces-sion, a chronic fear in the wake of the stock markets decline. The platinum market, they note, is dominated largely by industrial use, and a sluggish economy is bound to trim demand.



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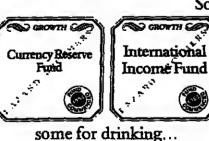


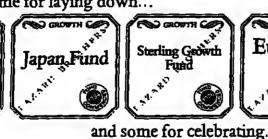






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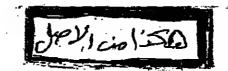
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agers successfully outperforms the

market, the argument goes, so it makes sense for investors to be content with simply mirroring the

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tracked by Lipper Analytical Services fell 10.66 percent. By comparison, the Dow Jones Industrials Average was down 17.18 percent and the S&P 500 lost 16.72

Those results raise the question of whether index funds will maintain their allure for individual investors. Brian Mattes, vice president of the Vanguard Group of

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Companies of Valley Forge, Pennsylvania, believes they will. He considers his firm's Index Trust fund, whose portfolio tracks the S&P 500, to be the ultimate buyand-hold investment and does not believe its popularity will be seriously affected.

1987, the Vanguard index fund, without benefit of any advertising,

was the firm's second most popular fund for new investments among its stable of 46 funds. Launched in 1976, the fund was the first such vehicle for individual investors. It has 35,000 shareholders and \$865 million in assets, down from about \$1 billion before

the stock market drop. Mr. Mettes is unperturbed about the fund's 16.73-percent decline in the week ending Oct. 22. "It's to be expected," he explains. "(The fund) has about e 99-percent correlation with the market and did exactly what it should

He says that an index fund is for sophisticated investors who are in for the long haul. These inves-tors understand they "are just taking market risk; no more, no less," Mr. Mattes explains. The biggest users have been pension funds, which have about \$123.6 billion in equity index funds run by outside advisers. Pension funds manage on their own another \$30 billion in

So far this year, the Vanguard fund's total return, including reinvested dividends and capital gains, is e mere 3.06 percent. But longterm figures offer e different per-spective. In the five-year period ending Dec. 31, 1986, the Van-

guard index fund has returned 141.15 percent compared with an everage return of 117.28 percent for all equity mutual funds, according to Lipper Analytical

Beyond the long-term performance, index funds have the added allure of being low cost investment vehicles. Since matching an index eliminates the need for highpriced fund managers and re-search departments, costs are kept low. Vanguard pockets a skimpy 0.28 percent of assets for manag-ing the fund.

Still, a number of money managers dismiss the so-called passive strategies of index funds, especially in current market conditions. Today index funds are one of the worst investments, asserts Kent Kramer, e financial planner with Atlanta-based Walker Capital Management Corp. "We're in a stock picker's environment right Another company offering an S&P 500-based index fund is Bos-

ton's Colonial Group of Mutual Funds. Its United States Equity Index Trust charges a one-time sliding-scale sales fee, depending on the size of investment, of up to

One of few entries based on the Dow Jones Industrials Average is

the Bench Blue Chip fund. The fund invests in only 33 stocks in cluding the 30 blue chip stocks listed on the Dow industrials Bench Blue Chip charges a 2 per-cent sales fee and requires a \$1,00

New York sales Went well, but aution persists minimum deposit.

The popularity of the indendapproach also has spawned range of investment vehicles that By Joan Westreich

seek to offer representative expo-sure to certain types of stocks. One example is Colonial's Small Stock Fund, which seeks to mirror the performance of lesser known, sec. ondary stocks in the United

Investors can use the Colonia fund to gain exposure to smaller stocks while of the same time achieving more diversification than they would otherwise have if they tried had to buy shares directly. A similar, passively managed Minus lest of these workers carried and nominal of contemporary for one was your the first of the tary cream the terms of the tary cream. fund of small stocks is offered by Dimensional Fund Advisors of Santa Monica, California Colonial also offers an interna-

tional fund linked to Morgan Stanley Capital International's index of European, Australian and Far Eastern stocks. Tracking international indexes poses special problems, though, given the narrowness of many non-U.S. mir

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with observers say the pos-ing of a powerful redemption of all powerful redemption or alter prices have rebound-miciparite.

By Joan Westreich New York HERE has always been a logical appeal to index funds. About one out of four fund man-

that was an approach that paid off handsomely. To e large extent, the rally in stocks was concentrated in the blue chip issues that make up the major indexes. The strategy that says "if you can't beat them join them" was e winning one. But when the slide in stock rices hit Oct. 19, index funds de-

clined in tandem with the Dow and other popular meesures. Many funds with managers who actively manage the portfolios cushioned the fall by reducing expercent that week posure to stocks or particularly vulnerable sectors. In the week from Oct. 15 to 22, the average performance of U.S. mutual funds

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Continued from page 7

"flight to quality" became apparent soon after the market collapse and the trend has continued. Companies that fall into this category usually have strong management, sound balance sheets and big capi-

These include utilities, property casualty insurers, tobacco compa nies and soft-drink makers. But even with these kinds of stocks, Mr. Einhorn says investors must be willing to take e six-month

Prudential-Bechc Sccurities came up with a list of selections similar to those offered by other investment firms. It includes AT&T, BellSouth Corp and Pacific Telisis among telecommunica-tion issues. For beverages and tobeccos, the favoriles were Anheuser-Busch and PepsiCo. In the electric utilities sector, the choices were General Public Utilities, Southern California Edison and Public Service Enterprise Group.

ORD MOTOR was also included in the list. Al-though most analysts believe the outlook for prospects of an economic slowdown, the market sell-off knocked down Ford's price-earnings multi-

When it comes to long-term strategy, there is less agreement Analysts accept that the market crash is bound to trim economic growth, but the likelihood of a recessioo is far from certain. "At the moment, all the surveys are useless," says Mr. Gordon of Dreyfus, "because the market is still in the trauma stage."

While acknowledging that his is e contrarian view, Suresh Bihrud, co-chairman of the investment policy committee at Oppenheimer & Co., says the upheaval in the market has had a curative effect. "It took the inflation psychology out of the market and is forcing central banks to stimulate their economies," he says. "I'm looking for big declines in interest rates in the United States, Germany and Ja-

He believes that the economic downturn will be minimal, that consumers will be undeterred and that the rally will resume. "The only impact will be on high-priced imports and that will help the trade deficit even more," he says. 'I'm very bullish when looking at the next six to 12 months."

Still other analysts contend that the market will never be the same. Merrill's Mr. Clough, for

sumer is going down for the count," he says.
If so, Mr. Clough believes, there is e good chance that industrial

stocks that led the bull market

suffered e fetal blow Oct. 19. "The

economy will slow, and the con-

turing.
This, in turn, has produced leaner and potentially more profit-

After years of seeing their export volume shrivel because of a strong the dollar continues to decline, "The industrials will lead the next dollar, many of these companies rally," says Mr. Clough who is have undergone painful restruclooking at companies such as Caterpillar, Deere, Dow Chemical and Hewlett-Packard.

Market Scoreboard

Stocks on the New York, London end Tokyo exchanges thet showed the lergest percentage gains end losses in October.

GAINERS			LOSERS		
P	ercent Gain	Price Oct, 31		Percent Loss	Price Oct 3
New York Stock Exch Compiled by Media General Fin		vices, Priges	in dollars). 	
U.S. Leasing Int'l. DCNY Corp. MFS Municipal Income Savannah Elec. & Power Wells Fargo Mtg. & Eqty L&N Housing Corp. Rexham Corp. Potomac Electric Duke Power Co. Baltimore Ges & Elec.	37 13 13 13 12 10 7 7 5	66.75 20.50 10.00 19.00 19.75 18.50 57.50 24.38 48.00 32.75	Newmont Mining Corp. News Corp. Ltd. E. F. Hutton Group CML Group Condisco Inc. Wittox & Gibbs Inc. Zenith Electronics Munford Inc. Kellwood Co. Tiffany & Co.	64 56 54 51 50 50 50 50 50 49	35.88 15.50 17.00 13.88 16.88 12.78 13.50 16.63 17.88 18.28
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American Income Props. MacNeal Schwenler	3 3	19.50 18.50	Material Sciences Resource Engineering	46 46	13.00 10.75
Over the Counter:					
Northview Corp.	54	16.50	Inspeech Inc.	62	10.25
Citizens Insurance	47	11.00	Chartwell Group	61	11.00
Prudential Bancorp	28	24.00	V Band Corp.	54	18.00
Fairhaven Savings Bank	14	13.88	DST Systems Inc.	53	10.75
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Octopus Publishing	ŏ	443	Morgan Grenfell	45	305
Equity and Law	š	442	BSR International	45	77
Woolworth Holdings	5	332	Standard Chartered	45	455
Ass'd British Foods	10	310	Johnson Metthey	44	229
Whitbread (A)	10	293	De Beers (S.Africa)	43	550
British Telecom	10	237	Jeguar	43	329
Provident Finencial	10	335	Beazer	40	161
Bank of freland	10	200	TI Group	39	279
British Gas	12	152	BOC Group	99.	219

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Tokyo Stock Exchange:

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	Keihin Elec.	9	18,100 1,160	Metsushita Elect.	31	1,950 5,030
	Jepen Air Lines	8		Amada	31	885
	Nippon Express		1,270		32	3,180
	Meeda Construction	12	1,720	Matsushita Commun.	32	4,510
	Ohbayeshi Corp.	12	1,130	CSK	32	4 540
	Tobu Railway	13	1,050	Alps Electric	32	1.840
	Tokyu Corp.	18	1,630	Kyocere	34	4,600
	Tokin Com	18		Nichicon	36 35	1,050
	Klnki Nippon Reilway		1,070		36	5.000
	Okumure	18	1,140	Advantest		3,410
	Nissin Food	23	5,210	Hirose Electric	39	9.440

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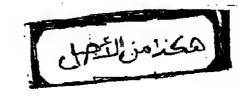
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Taking the Art Market's Pulse

New York sales went well, but caution persists

By Joan Westreich

HEN the world's stock markets came crashing down last month, the tremors extended to the well-appointed offices of auction houses in London, New York and Geneva. There was dire talk of an abrupt halt to the record-shattering climb in art prices in

An initial test of those worries came last week in a round of contemporary art auctions in New York, the first of the important holiday sales season. The tentative assessments were that the market had indeed felt a jolt, but the damage so far seems minimal. If anything, the results give new testimony to the multilayered nature of the global art market.

Not surprisingly, the best works were sold, while lesser offerings of top artists and paintings with lofty reserves — or minimum selling price — went begging.
Robert Rauschenberg's "Backwash," an

abstract study of paint and lettering from 1959, went for \$814,000. That was a record price for the artist, and almost doubled the previous high. The work was bought by an unidentified collector at the Sotheby's sale, which brought in \$17.7 million, the secondhighest total ever for an auction of contempo-

rary art.
At a Christie's auction the night before, Francis Bacon's "Figure with two Owls — Study After Velázquez Innocent X" was sold for \$1.3 million, and the artist's "Study for Portrait of P.L. No. 1" gamered \$858,000 But works by Jackson Pollock, Frank Stella, and Mark Rothko, among others, had no takers.

With \$7.8 million in sales, the Christie's anction earned significantly less than the pre-crash estimates of between \$9.3 million and



'Backwash'

\$12.9 million. "Those reserves were set six months ago at the height of the bull market,"
reminds Robin Riley, Christie's fine art publicist "When you have an inflated [art] market there is always a natural weeding out."

Vitality persists in a number of sectors. In recent weeks both Christie's and Sotheby's had successful — sometimes record-breaking sales of jewelry, silver, books and furniture. "London and European sales have remained strong," observed Michael Ainslee, president and chief executive officer of Sotheby's Holdings Inc., the auction house's parent company.

The results of the contemporary-art auctions buoyed the spirits of New York dealers. but a strong sense of caution prevails. Dealers say a number of corporate clients and individ-uals who do not fall into the category of ultrarich collectors have canceled purchases or put them on hold. Ronald Feldman, a SoHo gallery owner, says a client who withdrew a painting for sale after the crash was waiting to see what [could be considered] a reasonable price after the auctions."

John Koegel, an attorney who represents artists, dealers and collectors, believes that

"we've already seen the alleviation of the immediate fear of depression." But there is still considerable trepidation, he says, because of "the very close relationship between the health of the financial markets and the New

Mr. Koegel feels that gallery sales of contemporary art are going to suffer a bit. Rather than a general decline in prices, which dealers would resist, he sees "a cooling off of increases." But Mr. Feldman says "works that are not first-rate will probably drop in price." Support for the market flows from the re-

luctance of owners of quality works to sell and the view of many collectors that are represents a haven for their wealth in times of uncertainty.

"I spent the days after Black Monday furi-ously shaking the trees to see if I could find any apples to buy," reports Richard Feigen, a New York dealer. Far from being unsettled by foreboding talk, many owners said they "felt safer in paintings than elsewhere," he says.

Mr. Feigen suggests that art could become a haven for funds afraid to be in the dollar or the stock market." Observes Mr. Ainslee: "In

hard times, people invest in tangibles."

For the big-money investors, though, the fluctuations of the stock market will matter little. Ikkan Sanada, a consultant to major Japanese collectors, who tend to favor lim-pressionists and modern masters over contemporary, says his clients "view art as a longterm investment" and are "not really affected" by the stock market. Mr. Sanada's clients includes dealers in Japan and wealthy individuals, many of whom are entrepreneurs in the 40s.

This week's auctions of works by the Impressionists will be closely watched for further evidence of the art market's health. Mr. Ainslee reports global interest in van Gogh's "Iris-es." "We know of huyers from at least five countries who are interested," he says.

After March's watershed auction of the artist's "Sunflowers" for \$39.9 million, it will be instructive to see whether "Irises" sur-passes Mr. Ainslee's \$25 million to \$35 milon estimate.

Mr. Sanada says he might have the right huyer. One of his clients, he says, "is seriously interested." But of course, he adds without a trace of irony, that's only "if the price doesn't go too excessively high.

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ART APPRECIATION

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PROFILE

Global Themes in a Post-Crash World

Continued from page 7

have an investment strategy which is robust to the unfolding events."

Geoff Lewis, WolrdInvest's economist, says the two scenarios the firm envisaged "stood up fairly well" after the mid-October turning point in the markets. The first called for moderate economic

growth and inflation with the bulk of the downward adjustment in the U.S. dollar having already taken place. The second scenario foresaw the possibility of a continued decline in the dollar giving rise to tighter U.S. mone. tary policy, driving up bond yields and in-creasing the odds of recession in the United States. However, the firm was much more

"We thought the inflationary lears were unfounded," Mr. Lewis says. "We've certainly seen that inflationary bubble, which arose carlier this year, completely deflated."

Mr. Lewis said the scenarios led the firm to be "quite optimistic on the prospects of fixed income and correspondingly very worried about the prospect for equities."

The rethinking that has gone on since

stocks came crashing down has produced pes-simistic estimates of future economic growth,

The firm is still bullish on Britain and Spain

Mr. Lewis says. He says the firm remains

"When it comes to choosing scenarios 1 think the vital factor which is going to help sumes will happen to the fiscal policy debate in the U.S.," he says. The deficit deliberations,
Mr. Lewis believes, are the starting point.
Worldinvest has not changed the weightings in their equity portfolios significantly By contrast, its portfolios reflect a bullish

Among the firm's current holdings is Pleahis says. The firm also favors Automated Security (Holdings) Ltd., which offers a range surveillance systems to burglar alarms.

Ms. Paulus, who also specializes in Spanish equities, says the Madrid market fell significantly as foreign investors pulled out. But the sell-off, she contends, has created opportuni-ties to buy stocks in sectors that had become too expensive before the crash, such as construction stocks.



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CITICORP INVESTMENT BANK

upheaval, U.K. unit trusts were growing at a record clip. Gross sales totaled £1.68 billion in Sep-

A Jolt For Funds

FUNDS =

Continued from page 7

torical basis.

The net asset value of the shares at the end of the previous day is used to fix the price of a transac-

Earlier this year, the Securities and Investment Board proposed that unit trusts adopt forward pricing meaning that the transac-tion would be based on the next calculation after the order was

Forward pricing is the norm for U.S. mutual funds.

on record against the SIB propos-

managers were forced to temporarily adopt forward pricing in an emergency should not be used as an argument in support of using

For now, fund managers are more concerned with where the markets are headed and whether a wave of redemptions is in the mak-

ing
Industry observers say the possibility of a powerful redemption
wave would be greatest during a
wave would be greatest during a raily or after prices have rebounded and stabilized.

money on hand. Perversely, this accelerated the markets' down-

at the Diamond Chib Bldg.

1955 **446**

bullish on fixed-income instruments, with a typical balanced fund now weighted 60 percent in bonds.

since the market crash. The firm remains bearish when it comes to Japanese and German stocks. Even though Bonn lowered the Lombard rate last Thursday, Mr. Lewis still believes West Germany has not done enough to stimulate its economy.

outlook for Britain and Spain. U.S. stocks still account for about 20 percent of their stock

When it comes to British stocks, Margaret Paulus, an investment manager, says the firm has been concentrating on defensive investments and staying away from cyclical, economy-driven stocks. This has meant huying stocks in the consumer-oriented and interest rate-sensitive areas.

surama whose hotels provide a ready cash flow and a highly visible asset base, Ms. Pauof security services from full-scale industrial

British Printing & Communication Corp. PLC, the Robert Maxwell publishing concern, is another stock held by the firm.

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ation figures show.

Funds under management ammounted to £50.3 billion in the

month to Oct. 1. Preliminary indi-

cations show that October's plunge shaved at least £10 million off that total.

The optimists say the collapse in

share prices will simply mean a redeployment of assets by inves-

For example, some may shift money out of North American

equity funds and into various gov-

erginent bond funds or gold

But how well the unit trust busi-

ness weathered the October crisis

will not be known until market conditions calm down for a sus-tained period of time.

Marybeth Nibley

London: tember alone. Net new investment, which excludes money paid out to customers cashing in units, reached \$1.16 billion, a record high. The number of unitholder accounts rose by a record 329,000, Unit Trust Associ-

thing of a flap in the industry.
Typically, British unit trusts have priced their fund shares on a his-

In a statement issued Oct. 27. the Unit Trust Association says "forward pricing" has proved unpopular with investors and went

Mr. Smittaford said the fact that the system all the time.

In anticipation of a redemption rush, many fund managers raised cash by selling equities into a declining market so they would have

Before October's stock market



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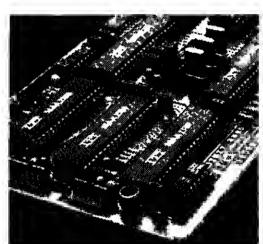
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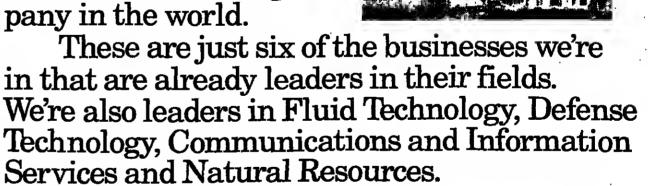
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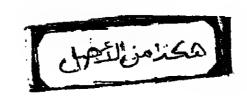


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Sea of Official

hosp of Seven at which target ran i just interest cuts will be renego testimated the new dollar tradind 12 to 145 yen. The U.S. curr hiday near the middle of these val-

hane. The French Treasury had billion francs worth of bonds to und See BONDS.

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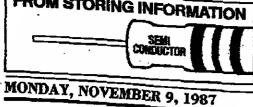
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EUROBONDS

Sea of Official Liquidity **Buoys Fixed-Rate Paper**

ARIS - The storm of uncertainty swirling through markets since late October hit the foreign exchange market last week. But equity markets were becalmed, waiting to see what Washington does about its budget deficit and where the dollar ultimately settles. Central banks, maintaining the stance they have taken since the crisis crupted, continued to pump massive amounts of liquidity into money markets.

The Fed is likely to

continue providing

ample funds to the

Henry Kaufman.

money market, says

Last week, the central banks made these huge outlays trying to stabilize the dollar. The officials met more success in calming securities markets than in steadying the U.S. currency, but the dollar's decline, m the view of many analysis, was inevitable.

Bond markets were the major beneficiaries of the govern-ment action. The abundant liquidity translated into lower

interest rates, and that fed a rush to buy fixed-income securities.

Demand for paper denominated in Deutsche marks and yen was further boosted by foreign investors speculating on currency

Even the dollar, weak as it was on the foreign exchange market attracted buying. The U.S. Treasury auctions drew substantial demand last week from Japan, where investors borrowed dollars to buy the bonds since there was no immediate danger of prices falling. Using borrowed dollars to finance the purchases eliminated any currency risk.

However, U.S. bond prices eased late Friday. The market was unnerved by figures showing a surge in U.S. October nonfarm employment — taken as a sign that the economy was expanding faster than had been expected and reducing the chances of any

further easing by the Fed.

But Salomon Brothers Inc.'s chief economist, Henry Kaufman. said that while "the Fed is likely to guard against encouraging market expectations of additional policy easing" mooetary relaxation outside the United States and the likely cut in the U.S. budget deficit "will allow the monetary authorities to maintain their current stance."

CCORDING TO Neal M. Soss, chief economist for First Bostoo Corp., "there is no risk over the next 30 to 90 days" of central banks tightening their monetary policies. He predicted that the Federal Reserve would not consider any tightening until the effects on personal wealth of October's crash in stock prices could be measured.

Economists are widely split on whether and by how much that drop in equity values will translate into a drop in U.S. consumer spending. Mr. Soss noted, for example, that a stock crash in 1962 had no negative effect oo spending.

Given the difficulty in measuring the impact, Mr. Soss said he

expects the Fed to maintain its easy money stance at least until a clearer picture on consumer attitudes emerges from the Christ-

Until then, he said, the Fed's major concern will be oo tempering the fear stirred by the stock crash.

"Liquidity is the building block of all markets," he said.

"Provision of liquidity provides greater financial stability." That liquidity, however, was also the undoing of the dollar. Before the late October crisis in equity markets, interest rates on Eurodollar deposits were 4 percentage points over rates for Deutsche marks and yen, helping to attract investors into the

By last week, with U.S. interest rates falling faster than the others, the differential was down to 3.3 points against the mark and 3 points against the yen - a level that the foreign exchange market deemed inadequate given the high probability that the dollar would decline in value.

But now that it has, analysts say, all that's missing to justify a new meeting of finance ministers from the seven leading industri-alized nations is a U.S. commitment to cut its budget deficit. Then, all the ingredients will be in place to reconstitute the Louvre accord that sought to stabilize exchange rates through

economic policy coordination.

"The most likely outcome," Credit Suisse First Boston said in its weekly market comment, "is some kind of U.S. budget package early this week followed by a formal meeting of the Group of Seven at which target ranges for the dollar and a round of joint interest cuts will be renegotiated."

It estimated the new dollar trading targets at 1.60 to 1.80 DM and 125 to 145 yen. The U.S. currency closed in New York on Friday near the middle of these values, at 1.6705 DM and 134.95

The only bond market not to have benefited last week was in France. The French Treasury had no sooner finished selling 4 billion francs worth of bonds to underwriters when the Banque de See BONDS, Page 15

Currency Rates

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Sources: Industrez Bank (Brussels); Bonca Commerciale Italiano de Paris (Poris); Bank of Tokyo (Tokyo); IMF (SOR); BAN (din (ruble), Other data from Reuters and AP.

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U.S. Exchanges Vie to Lay the Blame

By James Sterngold
Vew York Times Newvier
NEW YORK — A bitter dispute has broken out between executives of the New York Stock Exchange, the Chicago Mercan-tile Exchange and the Chicago Board of Trade over responsibility for the stock market collapse

three weeks ago.

John J. Phelan Jr., chairman of the NYSE, has irritated the Chicago Mercantile Exchange and the Board of Trade by suggesting that stock-index futures contributed to the market's swift de-

Some of his criticism focused on program trading, a sophisticated strategy involving simultaneous trades in the stock-index futures market and the actual stocks that make up the index. Many argue that program trading accelerates sudden swings in prices, such as the 508-point plunge of the Dow Jones industrial average on Oct. 19.

Mr. Phelan has pointed out that the stock exchange stayed open on Oct. 20, but that the stock-index futures pits had to be

The Merc and the Board of Trade have fired return salvos, complaining that trading was halted in many key stocks listed on the NYSE at various times during the market panic. The debate has already moved to Washington, where the exchanges are seeking to influence the outcome of a number of investigations into the market problems.

"Within the last five days, sud-denly, we've been flooded by their people from New York and Chicago," a senior staff member of one of the congressional committees involved in an investigation of the markets said late last week. "It's one hell of a mess. I don't expect to hear a lot of rational thinking for a while." Sometimes," said Roberta S.

Karmel, a former member of the Securities and Exchange Commission and now a director of the New York Stock Exchange, "when it gets to Washington, the financial industry does not always put its best foot forward because of the competition you See SPLIT, Page 18

ii 66 46

Leo Melamed, upper left, chairman of the Merc's executive committee, and John J. Phelan Jr., chairman of the NYSE. The Chicago Board of Trade at La Salle Street.

For Chicago Gatsbys, Unsure Futures

By Julia M. Flynn

CHICAGO — Just as New York has flourished in recent years from the boom on Wall Street, so has Chicago prospered from the rising fortunes of its options and futures exchanges.

In part because of those exchanges, the tumble of parking lots and skid row hotels in the city's downtown section has given way to chic restaurants, glittering high-rise apartment buildings and health clubs that cater to the growing ranks of

Top executives of the exchanges have become some of the most sought-after guests for society and charity events. And traders have been known m spend thousands of dollars during a single afternoon's shopping spree on Chicago's Magnifi-cent Mile, where the most expensive stores in the city are found.

"The exchanges have given this city a real boost," said Bob Tamarkin, author of "The New Gatsbys," a book about Chicago's commodity traders, "They've told the world Chicago is more than just a rough-and-tumble town full of gang-

The importance of the opoons and futures exchanges in Chicago's economy has not been lost on the city's leaders. "Enjoy yourselves and make every damn dollar you can," urged Mayor Harold Washington in September, when the Chicago Board of Trade started Sunday evening trading

Now the city's exchanges are coming under siege. Rightly or wrongly, the financial futures born in Chicago's commodity trading pits have been widely hlamed for the stock market's collapse on Oct. 19. And pressure to regulate them is

Although it is highly unlikely that Chicago's markets will disappear, tighter regulations could limit their growth and employment. Such regulations "could cripple the industry," warned Merton H. Miller, a University of Chicago

See CHICAGO, Page 18

Argentina, IMF Said to Agree On Loan Plan

WASHINGTON — Argentina and the International Monetary Fund have tentatively agreed on a new economic program that could soon free about \$2 billion in IMF and commercial bank loans for the country, monetary sources said Sunday.
The U.S. Treasury also said that

a previously announced \$500 mil-lion bridge loan—to tide the coun-try over until the funds are avail-able—will be ready for disbursement in the next few days.
The sources said that Michel
Camdessus, the IMF's managing
director, had approved the Argen-

tine program because the country was trying in solve its economic problems and promote expansion. Argentina, which owes \$54 billion in foreign creditors, is the de-veloping world's third-largest debtor, with roughly half the foreign obligations of Brazil and Mexico. It owes U.S. banks alone about \$8

The agreement is expected to end rumors that circulated in financial markets last week that Argentina was considering suspending its interest payments.

On July 23 the IMF approved a \$1.4 billion loan program for Ar-gentina. Of that, about \$370 mil-tion was made immediately avail-

Argentina was to receive an ad-ditional \$215 million by the end of October, thus triggering the release of about \$500 million from commercial banks. Both payments, however, were delayed because the country had not met IMF economic targets. The new agreement means that those funds will be released soon.

After the agreement is approved by the IMF's executive board, expected in about six weeks, the group will advance another \$250 million and its sister organization, the World Bank, will release a simi-lar amount. Commercial banks will then provide a second \$500 million.

Brazil Debt Pact Is Win For Banks

By Anne Swardson

Washington Past Service
WASHINGTON — The hard-fought agreement between Brazil and its creditor banks includes some significant victories for the banks. But financial specialists say the accord still could face opposition from some.

Under the plan, announce

late Thursday, a consortium of international banks will lend \$1 billion and Brazil will contribute \$500 million to come up with a \$1.5 billion fourth-quarter interest payment in December. Brazil, the developing world's larg-est debtor, suspended payments on about \$68 billion in mediumand long-term commercial debt on Feb. 20.

The agreement also calls for a contribution of \$2 billion from the banks and \$1 billion from Brazil to cover interest that has built up since the moratorium was imposed. That money would be disbursed after the two parties agree on a longer-range package of new loans and time-

package of her loans and that tables for stretching out pay-ments on existing debt. Negotia-tors hope to complete this second step by June.

On the face of it, it appears that the banks are actually lending money to Brazil so that Brail, with total foreign debt of about \$112 billion, can pay the overdue interest. But bankers said other elements of the package mark significant concessions from a country that strongly resisted resumption of payments. "I believe this is the first step

See BRAZIL, Page 15

Inflation Is Ugly Word in China, but Most Prefer It to 'Controlled' Scarcity

at a recent meeting of the Congress of the Communist Party. Newspapers have been running editorials

lad to see the food and goods that the higher prices are producing, are discussing the pros and cons of rising prices in markets and small

Inflation has begun to take root as the nation adapts to the wide range of free-market reforms introduced over the last several years.

one of the hest measures available, prices are up more than 9 percent for the first six months this

word in China; inflation, China's teering have emerged, consumers Western emhassy. established fixed prices. But like punching a down-filled pillow, suppressing prices in one place merely cems in plump them up elsewhere.

According to the monthly China Statistical Reports, food prices in cities were 19.5 percent higher in the first six months of this year than in the comparable period of

particularly dramatic increases. The price of grain products, including rice and wheat, was up 46.4 percent, and prices of fresh vegeta-bles rose 26.9 percent.

Several Western diplomats who year, a very large increase for a monitor China's economy believe country that until two years ago that the inflation level is understatmonitor China's economy believe experienced inflation of only 1 per- ed. "They don't have an index for that formally approves policies for

People's Bank of China show a higher rate of inflation," he added. The problem of swiftly rising prices has so alarmed China's lead ership that the matter was one of the principal topics of discussion at the 13th Congress of the Commu-nist Party, which ended on Nov. 2. In an address in the Congress as

it opened on Oct. 25, Prime Minister Zhao Ziyang called for the even-tual deregulation of virtually all prices. "We should gradually estab-lish a system under which the state sets the prices of a few vital commodities and labor services while leaving the rest to be regulated by the market," he said.

The Party Congress, the body

Nikkei index of 225 leading stocks

since Oct. 16, several factors sug-gest that Japanese equities are still

vulnerable, analysts assert.

The yen's appreciation could un-

dermine Japan's economic recov-

of Japanese exports. Also, the re-

newed strength in Japan's economy

is attracting funds into capital

spending from purely financial m-

vestments and will initially depress

The only potential bright spot

for Japanese institutions is the do-

mestic bond market, analysts said,

which is expected to rebound from

recent lows because of declining

share prices.

Prices are seen as the key to nether economic reform will suc- lysts and many Chinese believe that

Many Western economic ana-

By Edward Gargan

New York Trans System

Prices have been rising so far and ord in China; inflation. China; inflation. China; inflation. China; inflation, are complaining and officials have

By Edward Gargan

Prices have been rising so far and other is a new ugly of ast lately that charges of proficials have emerged, consumers are complaining and officials have

Such things as intermediate goods, the country, ratified Mr. Zhao's position. But the degree to which prices more realistically reprices will be deregulated will depend beavily on his ability to overland the rigid inefficience of bureaucratic planning.

China must shift to a system in dergoing economic upheaval under prices will be deregulated will depend beavily on his ability to overland the rigid inefficience of bureaucratic planning. But to the nation's ideological

See CHINA, Page 15

Financial 'Whiz' Proves to Be Just a Kid

Compiled by Our Stuff From Dispatches

LONDON — A 15-year-old British schoolboy who borrowed and gambled £100,000 (\$178,000) on the London Stock Exchange after convincing brokers that he was a financial "whiz kid" faces possible charges for leaving them holding about £20,000 in losses, authorities said.

Officials said that his parents may have to make good on the losses, which were suffered in the recent

"I didn't know about it until the local newspaper telephoned me," his mother said. His father said the family has sought legal advice.

Because of his age, police only identified the boy as being from Derbyshire in central England. They said be had gone home from school on hunch breaks to phone brokers. Detectives said that the boy told school friends:

"I'm on my way to making my first million."

Classmates said he had been buying shares by phone since he was 11. He celebrated his biggest

deals with champagne and even had his own ac-countant, they said.

"He wasn't even studying economics. He's just a pupil of average intelligence," said the boy's head-master, David Marshall. He was "certainly not the sort you would call a whiz kid."

Brokers said they thought their client was 19—old enough to legally buy shares — and were impressed with his knowledge of financial jargon. He ordered shares from several companies totaling as much as £100,000 and was given credit.

His name was put through the London Stock

Exchange's computer of bad debtors and when no trace was found he was assumed to be creditworthy.

Hornified brokers called police after discovering that the losses had been rum up by a minor.

A spokesman for one of the brokerages said:

This young lad has been very naughty. We thought be was 19. He cannot be allowed to get away with it. He must be made to be responsible for his actions, even it it means having to pay off his debts for many years to come." Police said they were astonished at how easily the

youth was able to enter the world of finance. "Apparently be was very convincing and knew all the terms involved," a detective said. (Reuters, UPI)

But even after the relatively modest 13.5 percent decline in the depreciation in the dollar's value

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Japanese Are Jittery on Investments

and a consequent upward pressure

Japanese investors have, in ef-

fect, moved sideways — from U.S.

into short-term money-market in-

Japan's purchases of foreign

bonds, concentrated in the United

States, dropped 34 percent in the

third quarter of this year, to \$15.77

billion. Early this year, the total amount of Japanese funds invested

in U.S. government securities and

corporate bonds was estimated at

choice but to invest in the United

on interest rates.

about \$100 billion.

By Patrick L. Smith International Herald Tribute TOKYO - Exchange-rate vola-tility and stock market turmoil

The slump of the dollar against the yen is igniting fresh fears in Tokyo about the value of Japanese investments in U.S. securities and

local and foreign analysts said. But the flow of new Japanese money into dollar-denominated securities

about prospects for Tokyo stock

managing director of Nomura Investment Management Co., a sub-sidiary of Japan's largest securities

Although last week's U.S. Treasory relinancing was adequately supported, analysts said there was little indication that Japanese investors intended to hold the notes and bonds in their portfolios as long-term investments. This follows the recent trend, where Japanese huying came largely from traders eager to make money on short-term price movements.

At Thursday's nuction of 30-year bonds, dealers estimated that Japanese buyers accounted for at least 20 percent of the \$4.77 billion in timber, building material, textiles, foodstuffs, steel, consumer goods.

The international trading house active in pulp, paper, machinery, chemicals,

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Last Week's Markets All figures are as of close of trading Friday Money Rates United States 1,9153 - 1,73% 18255 + 3,02 % 757.24 + 1,53 % 2622 - 1,56 % 251,79 - 0,55 % Oiscount rate DJ indus. OJ trili.

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"The implications of this are clear," said Nobuyuki Ueda, a se-Until recently, many of the large Japanese investors who were nervous about exchange-rate risks nior economist at the Long-Term Credit Bank of Japan. "If there's would have pumped funds into the Tokyo stock market. no new money moving into the

chiefly by liquidating other dollar-denominated holdings or by bor-rowing dollars to eliminate any fur-enough to absorb Japan's trade surther currency risk. have thrown Japanese institutional investors into something close to panic, according to fund managers and financial analysts here.

spreading confusion as in how hese assets should be protected. There is little immediate danger of a large-scale withdrawal of Japa-nese funds from the United States, stocks and government securities where such investment has helped keep interest rates relatively low,

has virtually dried up.

At the same time, pessimism

prices is deepening.

"People are at a loss as to what to do," said Nobumitsu Kagami, In the long term, Japanese mon-cy managers said, they have no

bonds on offer. But reflecting expectations that the dollar will soon drop another 10 to 15 percent against the yen, Japa-

nese investors are believed to have

financed their auction purchases

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Dollar Straights

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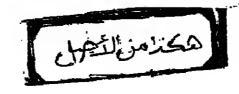
You will find below a listing of job positions published last Thursday under the rubric International Positions.

TITLE SALARY **EMPLOYER EXECUTIVE** Société Générale de Surveillance. DIRECTOR attractive Int'l Institute of Tropical Agriculture INT'L DEVELOPMENT OFFICER Int'l Company

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The Global Newspaper.





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New International Bond Issues

Compiled by Lourence Desvilettes Mat. Coup. Price and Terms FLOATING RATE NOTES \$35 1992 0.21 100.10 Kansallis-Osake Over the U.S. Treasury band due Aug. 1997, semicanually. Noncollable. Redemption at maturity 70% in U.S. dollars and 30% in NZ dollars. Fees 9.175%. Denominations \$1 million. Sprint Three 1992 8.24 100.10 Investors in Industry £ 125 1994 Sanwa Australia 1992 0.45 100.10 Below the 6-transith Bank bill rate, Redeemable a interest payment date. Fees 0.10%. De Cregem Finance Y 15,000 1992 0.55 10014 Y 10,000 1992 0.55 100.10 Y 60,000 1992 0.55 100.30 EDCED-COUPON \$250 1990 8½ 100% 99.63 Noncollable. Fees 136%, Denominations \$10,000. Déutsche Bank DM 500 1993 5½ 100 99.00 Noncatable Fees 14% **Finance** European Investment DM 300 1995 634 100 99.50 Noncallable, Fees 1966

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By Carl Gewirtz

Compagnie Bancaire

Ford Credit Funding

Financing for Danish

Vienna City

PARIS - Negotiators representing the international banking community have reached an agreeent in principal with the private Spanish utility company Feesa on a plan to restructure its debt.

The proposal, which banks will be asked to approve later this month, contains some unusual features. The most striking of these is the elimination during the first three years of the 10-year reschediling agreement of any margin over

the base lending rate. In the following three years, Feesa will pay a margin of 1/8 point over the London interbank offered rate or whatever other base rate is used. In the final four years, the margin rises to % point over the base rate. This compares with an average cost of about % point that

Fecsa had been paying. In addition, Fecsa is not being rescheduling the debt.

has 11/2 percent. But the most cies, the most important of which recent rescheduling agreements are dollars, about 30 percent of the eliminated those fees.

Rankers said that the waiving of this fee and the absence of any margin during the first three years is explained by two factors: Fecsa is obliged to pay a penalty fee of 4 not asking for any new money - percent. whereas reschedulings by developing countries entail substantial ocw loans - and banks will receive an initial payment on existing debt.

In addition, lenders will have a currency option enabling them to switch the denomination of their loans to any currency in which the company already borrows.

The official explanation for the Libor-flat fce is that a reduction in the company's interest costs during the first three years is necessary to re-establish its financial health.

Although the banks were unwill-

making some sacrifice to match the contribution that domestic financial institutions and the governing moves up to triple-B, the lowest ment are making to put the power of the ratings considered to be incompany's finances on a sound

Domestic institutions will be providing new capital amounting to 83 billion pesetas, and the gov-ernment has agreed to allow the company to raise its tariffs. The remment also will restructure the system, which averages the costs of all utilities in a way that is

more favorable to Feesa. How much Feesa initially will repay banks has not been made

INTERNATIONAL CREDIT

public. Bankers said it would be a "reasonable amount," but refused to be more specific, saying that it was a "politically sensitive figure." In addition, Feesa is not being

The agreement calls for the reasked to pay creditors a fee for scheduling of the equivalent of 300

billion pesetas (about \$2.7 billion) In the early days of the debt lent by foreign banks. This debt is risis, such bank charges ran as denominated in an array of currenith Mexico and Argentina already total; yen, about 20 percent; and pesetas, about 25 percent.

If after the fourth year Fecsa wants to prepay any of the debt owed to foreign banks, it will be

The proposal to resolve the financial crisis of Fecsa, which provides power to a large area of northern Spain, will be put to international banks next week, mem-

bers of the negotiating committee Other highlights in the interna-

tional credit market last week included a \$250 million credit facility for Union Carbide Corp. The chemical company, which is still negotiating with India on the cost of the accident at its plant in Bhopal, will pay a margin of 321/2 basis ing to say so, it was clear that the points over Libor and an annual foreign creditors had to be seen as facility fee of 13½ basis points.

times, has hardly been heard from since the crisis crunted.

Mr. Schmidt believes that the through until 1989 in the hope that the next American president will provide more effective leadership. Many others, however, believe that

the situation is more urgent. er, in par Western governments, said one economic wo former top European diplomat, are and Japan. not just failing to respond to the crisis through concerted international leadership. They are actually slipping backwards into a blin-kered and self-righteous nationalism that is making cooperation more difficult

Everyone knows, he asserted, that West Germany must stimulate its economy except the West Germans, who are living in their own "dream world." The same goes for

Everyone also knows that the United States must take quick and decisive action to cut the budget deficit, except, apparently, the peo-ple in Washington who have to nake the decisions.

The widespread view in Western Europe is that the U.S. Congress has been just as remiss as Mr. Rea-gan in failing to rise to the occasion

BRAZIL: Banks Favored

(Continued from first finance page)

back on the road to creditworthiness for Brazil," said William R. reforms. negotiate a medium-term arrange- the people." ment with the Brazilians. This is a year loan the company's debt rat-

long process."
The accord was received coolly by the ruling Brazilian Democratic Movement Party.

"It is worse than we could have

vestment grade, the drawing charge would be reduced to 27½ basis imagined, interest rates higher than we should be paying and condi-tions which could seriously jeopar-dize the national interest," Pimenta de Veiga, a federal deputy, said on national television.

The interest rate on the oew onetime front-end fee of the same amount. The charge to draw on the loan is set at 64 basis points over loans is % of a percentage point above the benchmark London interbank offered rate, or Libor, the rate at which many banks arrange their own funding.

facility will be drawn as it is designed to backstop the sale of com-Brazil had first insisted on pay-In France, Aerospatiale is in the market for a five-year multi-option facility of 3 billion francs. Drawthereby cutting out any profit to the banks. Instead, negotiators accepted a slightly higher rate than Eve ings may be made in francs or other Eurocurrencies but because of the domestic franc option is open only

helped hammer out the agreement, and for this reason some bankers fear that non-American banks may French companies tapping the regulators were threatening to or-market in operations designed to der American banks to downgrade regulators were threatening to orsome of their Brazilian debt unless payments were resumed.

which entered the market seeking a likely to alter the separate, nonac- reason, correctly in the eyes of crual status of Brazilian loans in

With loans in this category, banks cannot account for the interest until it is actually received. Banks reacted to Brazil's moratorium by putting the country's loans on this basis beginning in the first quarter, with a consequent loss in

lioo following an oversubscription "Considering the circumstances, it's not a bad deal for both sides," during syndication. It is paying a commitment fee of 10 basis points said Pedro Pablo Kuczynski, coand a drawing charge of 4 point over Libor for this three-year credchairman of the international arm of First Boston Corp.

VACUUM: After Stock Rout, the West Resembles a 'Convoy With No Admiral'

and in forsaking international responsibility.

Not everyone would agree with ed States, Mr. Kennedy says. As the French newspaper Le Monde, the latest crisis has shown, there is

end of the post-World War II phase prices in which the United States could But

economic leadership. er, in particular the growing strategic, decision-making. economic weight of West Germany

The stock market collapse has only underlined the point. It is uni-versally recognized that whatever action Washington now takes, it cannot solve the problems of the world economy by itself. West Germany and Japan also have to have the political conrage to make an economic contribution.

The word "hegemony" is much describing what the United States is losing. According to Webster's dictionary, hegemony is "preponderant influence or authority, especially of one nation over others".

The constitution, designed for the 18th century, also slows down decision-making in today's much faster world, he argues.

That is not just true of the Unit-

best the West can do is muddle exercise unique and undisputed that the relative decline in U.S. economic power, in both the world But the Western decision-mak- and in the West, must lead to some ing system has not adapted to re-reduction in U.S. influence - at flect the changing realities of pow- least in economic, as opposed to

> thor of a much-noticed article on the decline of America in Atlantic magazine earlier this year, believes that other factors are also at work. He contends that the division of

in vogue in intellectual circles for century or de Gaulle in the 20th.

describing what the United States

The constitution, designed for The constitution, designed for

CHINA: Inflation Is an Ugly Word

higher prices.

For some of the more rigid Marxists within China's leadership who just retired from the Central Committee but are still expected to exert some influence over policy, ballooning inflation provides rhetorical ammunition for attacking

Rhodes of Citicorp, which leads the bankers' committee. He said the stand the relationship between the next step is to complete the details money supply and prices," a Weston this short-term arrangement ern diplomat said, "but they sure "and then sell it to the banks, then understand the complaints from

> The Chinese people are glad to see that many foodstuffs and goods have become more available. That does not mean they are happy about having to pay higher prices.

However, the agreement is un- crument has implemented. They the fourth quarter, Reuters quoted trols simply postpone broad eco-New York bankers as saying. trols simply postpone broad eco-nomic adjustments.

All reformers, from Mr. Deng on is oot possible in the long term throughout the economy.

Xiao Zhuoji, an economics pro-fessor at Beijing University, said that although China's inflation rate was too high, it was a natural consequence of reshaping the econo-

gain world stature. In West Germaoy, Chancellor Helmut Kohl, not a It is not just a question of coping which abruptly announced the end an ever-widening gap between the charismatic figure at the best of with the latest crisis. The West, it is of American hegemony a week afthe Oct 19 plumpe in share financial events and the time needcommonly agreed, is reaching the ter the Oct. 19 plunge in share financial events and the time needed for political decisions.

But there is general agreement

Paul Kennedy, a history professor at Yale University and the an-

powers under the U.S. Constitution prevents any American president from becoming as powerful a leader as, say, Bismarck in the 19th

(Continued from first finance page) reasonable pricing in the past. It is

"Trying to sell inflation to the Chinese people is tough," one Western analyst said. "Needless to say, they're skeptical of this." The government has managed to

protect most workers by raising wages. According to the overseas edition of Liaowang, or "Outlook," a general interest magazine published weekly, wages have risen by 120 percent in the last eight years. A Western economist in Beijing estimated that wages climbed 20 pering no more than the Libor rate, cent in urban areas last year and are up as much as 17 percent this

Even such entrenched reformers the 13/16 above Libor that has as Mr. Deng and Mr. Zhao have been included in such other recent debt agreements as the one with the Philippines. been willing to tolerate a tempo-rary tightening of consumer price controls. They see the controls as a U.S. Treasury Department and way of temporarily marshaling Federal Reserve Board officials their forces, allaying consumer complaints and mollifying some of the more hard-line party members who are see the evil effects of capi-

> Still, a growing number of younger Communist Party members committed to reform are distressed by the price controls that the gov-Western economists, that the con-

> down, agree that economic growth without deregulation of prices

"The increase in prices is inevita-ble," he said, "because of the un-

His main point, however, is that

with only half the share of the world economy it commanded in 1945, the United States cannot expect to play the same unchallenged world role that it did at its peak. "The United States still wants to

keep all the chips and call all the shots," said Robert Hunter, Director of European Studies at Washington's Center for Strategic and International Studies. "But it is not prepared to pay the tab, which is to accept domestic political pain and nomic discipline."

He and other experts agree that the United States must hand over some "real responsibility for economic management" to Japan and West Germany if the West is to

emerge from its predicament.

A "multipolar" system is now evolving in which West Germany and Japan will have more influence, said Dominique Moisi, associate director of the French Institute for International Relations But it is a much more difficult sys tem to run, and there are as yet no rules of the game

The fundamental question is purists, who are still a strong force, the alarming inflation rate is a sure sign of creeping capitalism.

The sum of the past in the past

For just this reason, the government appears to be having some trouble enforcing its price controls. If it is a choice between paying more or having nothing to buy at their current leaders, one senior European diplomat said, the analysis would require.

Judging from their unforthcoming behavior over the past three weeks and the ineffectiveness of their current leaders, one senior European diplomat said, the analysis would require. all, consumers, shopkeepers and swer must be no.

market managers all seem to prefer. Mr. Schmidt insists that both countries are still totally disqualified from world leadership because of their status as perpetrators, and losers, of World War II.

Europe could produce a leader if the European Community were a single economic and political enrity, but that has not happened, Mr.

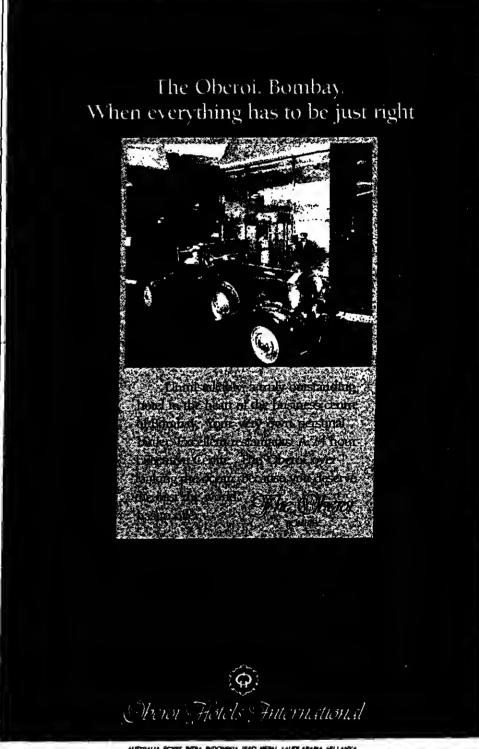
Schmidt says. Many believe that the annual summit meetings, attended by the leaders of the United States, Japan. West Germany, France, Britain, Italy and Canada, could provide the framework for the new multipolar

leadership. But the summits do not have a record of decisive action. Each leader tends to bring the concerns of his constituents to the table, not those of the wider world, and spend far too much time posing for the

vision cameras. Finance ministers and central bankers may be able to patch up a solution that will get the West through the coming months. But they cannot fill the vacuum at the

There is some hope that lessons will be learned. If political forces do not convince West Germany and Japan that they have to take over some of the burden from the United States, the market will, says

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BONDS: Prices Buoyed by Sea of Official Liquidity

France hiked money-market rates. The move, announced simultaneously with a cut in West German rates, was aimed at taking pressure off the franc in the European Mon-

The rate hike left the French banks sitting on a 3 percent loss on their bonds.

However, the rate increase was only a temporary move aimed at discouraging speculation against the franc. Anemie economic growth in France does not justify higher rates and the increase is expected to be rolled back as soon as the Group of Seven can meet.

In the Eurodollar bond market. Austria issued \$250 million of three-year notes, which met strong demand. The paper, bearing a coupon of 8½ percent and priced at 100%, was offered to yield 75 basis points, or ¼ percentage point, more than comparably dated U.S. government paper.

A month ago, Austria would have been able to issue paper at a spread of 40 basis points. However, the demand was so great that within hours the Austrian paper was trading at a spread of 50 basis

points. Dealers said institutional clients who had lost money in the stock market were moving massively back into bonds. And the higher yields available oo Eurodollar paper was attracting investors away

from the U.S. bond market. Credit Suisse First Boston reflorted that yields on five-year Eurodollar bonds last week were 56 basis points over Treasury paper, down from 71 basis points a week

in the Deutsche mark sector, Deutsche Bank Finance NV issued

The European Investment Bank sold 300 million DM of seven-year paper bearing a coupon of 64 per-

Dealers said foreign demand for DM paper was exceptionally

The European Commission used

(Continued from first finance page) 500 million DM of five-year notes the interest in strong nondollar curpriced at par with a coupon of 51/2 rencies to raise 50 million Europepercent, equal to what five-year an currency units, with an addition government paper was yielding to an existing issue, and met modest demand.

points. The current rating is dou-

National Australia Bank is seek-

ing a \$250 million back-up facility

for five years. It will pay an annual

facility fee of 61/4 basis points and a

Libor. However, it is unlikely the

mercial paper in New York.

to banks operating in France. The annual facility fee is 5 basis

points, but other details were not being divulged until underwriters

receive their formal invitation early

restructure existing bank lines and lower costs, there is obviously no

lack of liquidity. Laffarge Coppec,

credit of 450 million European cur-

rency units, drew commitments of

630 million ECUs despite the low

crease the size of the operation.

However, Laffarge will not in-

The dollar sector is equally re-

services company, increasing

sponsive with Primerica, the finan-

its \$400 million loan to \$500 mil-

facility fee of 4 basis points.

this week.

ble-B-plus.

Euroyen floating-rate notes issued by Italy's electric ntility ENEL, Tokyo Electric Power Co. and Cregem Finance were popular with Japanese investors since floating-rate paper is not available in

Fed Was Tightening Policy Before Stock Market Drop

WASHINGTON — The Federal Reserve Board was tightening U.S. credit conditions in the weeks before last month's stock market dive, according to minutes of a meeting of the Fed's policy-making

That move to tighten credit, initially signaled on Sept. 4 by a half-point increase in the Fed's discount rate to 6 percent, has been cited by analysts as a contributing factor to the record 508-point drop in the Dow Jones industrial average on Oct. 19. The Federal Open Market Committee voted unanimously on Sept

22 to place slightly tighter controls on money growth because of concerns about inflation, according to minutes released on Friday. Specifically, Fed officials voted to maintain "the slightly firmer degree of reserve pressure that had been sought in recent weeks." The minutes also revealed that officials of the central bank, con cerned about the economic shock of the stock market plunge, held

daily telephone meetings from Oct. 19 through Oct. 30.

The Fed said its policy makers agreed "on the need for special flexibility in open market operations" during this period. While the minutes do not explain what "special flexibility" meant, the Fed has moved aggressively since Oct. 19 to ensure that the banking system had sufficient lunds to weather the stock market

rates have fallen sharply. The FOMC, which includes Fed board members and presidents of regional Federal Reserve banks, met again on Tuesday. The minutes of that meeting will not be released until late December. But private economists believe that the Fed decided to continue driving interest rates lower to keep the economy from toppling into a recession.

crisis. As a result of its efforts to add liquidity, money-market interest

BIS Talks Expected To Center on Dollar

central bank officials from the portant Lombard rate last week feading industrial countries began and left its benchmark discount talks at the Bank for International rate unchanged, despite U.S. calls Settlements on Sunday expected to for a cut. center on the collapse in the value

Despite repeated central bank intervention on the foreign exchange markets and attempts to "talk up" the dollar, the U.S. currency has lost about 6 percent of its value since they held their last routine meeting of the BIS - the clearing house for major central banks

on Sept. 7.
Even this week's coordinated cuts in European interest rates and the buying of dollars by central banks did little to stem the currency's fall. The dollar, they said, re-racies, seeks to stabilize currencies mains weighted down by doubts through coordinated economic pol-over the U.S. commitment to sup-icies.

port the currency and worries over the U.S. budget deficit. "If all central banks and political leaders could agree on the means to halt the dollar and stick to that, it should be possible to stop the dolspokesman for the Dutch central

bank said. Analysts said such agreement seemed virtually unattainable, particulary after the U.S. Treasury Secretary, James A. Baker 3d. was quoted in the Wall Street Journal on Thursday as saying that, given a choice between recesssion in the United States and lower interest rates that could provoke a dollar slide, Washington would choose

lower rates. There were also doubts over how far Europeans will sacrifice their own monetary policy goals to prop

Reuers up the dollar. The West German BASEL, Switzerland — Senior Bundesbank cut its relatively unim-

Hans Meyer, the No. 3 policy maker at the Swiss National Bank said in a radio interview this week that recent intervention had been small and intended to smooth the dollar's slide.

"The regular monthly governors meeting is anyway not an arena to decide something," said a senior Bank of Japan source, virtually ruling out any new pact to supplement or replace February's Louvre accord. That agreement, endorsed by the seven leading industrial democ-

The BIS meets nearly every month, and the major topic for this routine meeting is tighter rules on minimum capital requirements for banks. The debate is likely to gain new urgency in the light of the lar's fall in a concerted effort," a recent drop in banks share prices and the increased financing needs of many commercial bank custom

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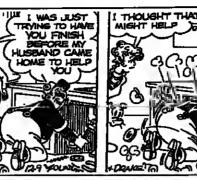
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BOOKS

THE SHIFTING POINT

By Peter Brook Illustrated. 254 pages. \$22.50. Harper & Row, Publishers Inc., 10 East 53d Street, New York, N. Y. 10022.

Reviewed by Mel Gussow

I N the preface to his new book, Peter Brook announces that he has never believed in "a single truth" but has always sought a point of view with which one has "passionate, and absolute, identification." The fact is that Brook is neither didactic nor dogmatic, but "stereoscopic" in his receptivity to experience and to theatrical possibilities. That flexibility is not always readily apparent to viewers of his individual works; so many of them seem to make definitive statements. In his career - a caree that in its virtuosity is unmatched by that of any other contemporary director — he has leaped from landmark to landmark, with work as varied as "Marat-Sade" and "A Midsummer Night's Dream

Brook's "shifting" is actually a searching. Just as he has not allowed himself to be locked into predictability — he has resisted career opportunities with a consistency bordering on defiance—he has not been trapped by his own past. His Pans-based theater emphasizes repast. First rains-based ineaer emphasizes re-search; process remains more important than result. This is one reason it is so fascinating to read about Brook's journeys. The articulation he demonstrates as a director exists equally in his writings and in his conversation, which are often synonymous.

In contrast to his previous book, "The Empty Space," which derived from a series of university lectures, "The Shifting Point" has an informal, collective provenance. It is an au-thology of articles, prefaces and edited excerpts from interviews drawn from a period of 41 years. However, what the book lacks in structure it more than compensates for in content — and it whets one's appetite for a real

Brook memoir.

A skillful writer, he is revealing about the genesis of his own art and also about the art of others. The firsthand impressions of Gordon Craig, John Gielgud and Jan Kott are the perceptions of a man with the keenest eye for elevant detail. The tale of the laborious effort that went into the film of "The Lord of the Flies" is vintage Hollywood reportage. The story opens, flavorfully, with Sam Spiegel holding a beachfront conference about the novel he has just purchased (and which he

Solution to Previous Puzzle

IMERHYTHMICAL
NATES LUSTRE

subsequently sold). To Brook's dismay, producer asked him, "What are we going to call the film?"

In such a fashion, the author offers pinny anecdotes that act to lighten the philosophical load (but not the portent) of his book. At the same time, one must note that he can reach for a metaphor, especially one of a culinary variety (theater as "the stomach," the world as "a can opener"). Those infelicitous phrases asside, Brook's book documents his open road to rediscoveries.

Along with "The Empty Space," "The Shift-ing Point" earns its place in the library of invaluable theatrical volumes.

Mel Gussow is on the staff of The New York

BEST SELLERS

The New York Times
This list is based on reports from more than 2,000 bo
troughout the United States. Weeks on list are not no

THE TOMMYKNOCKERS, by Siepher Tom Wolfe

LEAVING HOME, by Garrison Keiller

PRESUMED INNOCENT, by Scott PRESUMED INNOCENT OF SET OF TUROW PATRIOT GAMES, by Tom Clarcy HEAVEN AND HELL, by John Jakes BELOVED, by Tomi Morrison SARUM, by Edward Rutherfurd BLUEBEARD, by Knrt Vonnegor LEGACY, by James A. Michener A. MAN RIDES THROUGH, by Stephen R. Donaldson R. Donaldson

2061: Odyasey Three, by Arthur C. Clarke
RUBBER LEGS AND WHITE TAILHAIRS, by Patrick F. McManus
HOT FLASHES, by Barbara Raskin NONFICTION

TIME FLIES, by Bill Cosby
FREE TO BE A FAMILY, edited by
Marlo Thomas with Christopher Ceri and
Letty Compon Pogrebin
THE CAT WHO CAME FOR CHRIST-.... 1 7:33 by Erma Bombeck SPYCATCHER, by Peter Wright with Paul t', 19 THE GREAT OEPRESSION OF 1990, by VEIL by Bob Woodward LOVE, MEDICINE & MIRACLES. by 8 LOVE MEDICINE & MIRACLES. by
Bernie S. Siegel
9 MAN OF THE HOUSE: The Life and
Political Memoirs of Speaker Tip O'Neil,
with William Novak
10 THRIVING ON CHAOS, by Tom Peters
11 SEVEN STORIES OF CHRISTMAS
LOVE, by Loo Bascaglia
12 THE DISCOVERY OF THE TITANIC,
by Robert D. Ballard with Rick Archbold
13 A DAY IN THE LIFE OF THE SOVIET
UNION, (Collins Publishers)
14 AND THE BAND PLAYED ON, by Randy Shilts

ADVICE, HOW-TO AND MISCELLANEOUS THE 8-WEEK CHOLESTEROL CURE, by Robert E. Kowaldi.
THE FRUGAL GOURMET COOKS AMERICAN, by Jeff South SUPER MARITAL SEX, by Paul Pearaul WEBSTER'S NINTH NEW COLLEGIATE DICTIONARY (Merriam-Webster). WEBSTER'S NEW WORLO OICTIO-NARY, (Simon & Schuster)

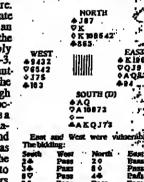
A DAY IN THE LIFE OF AMERICA.

BRIDGE

By Alan Truscott

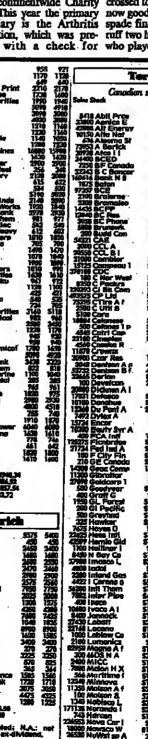
Blue Ribbon Pair ChampionSome bid one club and planned to bid hearts twice, giving a Bridge League's Fall Nationals. After the first semifinal good distributional picture. Also Dennis Clerkin of great power at once with an Bloomington, Indiana and Marinesa Letizia of Columbus, Ohio, were ahead of their nearest challengers by the slender margin of four match points. Almost 4,200 players competed here and all of them played the same deals, in common with 18,000 others around North America who competed in the continentwide Charity Game. This year the primary beneficiary is the Arthritis Foundation, which was presented with a check for who played for heart ruffs im-

\$150,000. The 5,500-odd play- mediately, preserving the acc in A MIXED pair from the ers who held the South hand the closed hand, eventually found that the spade finesse the midpoint of the prestigious the question of the opening bid. Blue Ribbon Pair Champion-Some bid one club and planned the the spade finesse was risky. If it lost, West in the lost was risky. If it lost, West in the lost was risky. If it lost, west in the lost was risky.



THE REPORT OF THE PROPERTY OF

United Biscuits 247 238 Vickers 123 124 War Leen 316 E 38 21/3238 25/32 Woolworth 253 246 9520 117730 2710 17730 1 **World Stock Markets** Via Agence France Presse Closing prices in local currencies, Dec. 8. Market Closed The stock markets in Milan and Madrid were closed Tuesday for a Straits Times Incl.: 764,47 Previous: 780,45 Park ### BP#### Telec.
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Green Island
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Henderson
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NK Electric
HK Razilly A
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Swissal Dec. 7 Current Stock Index : 3555.52 Previous : 3551.31 Frankfart



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The Daily Source for International Investors.

Noon Prov. Člose 3,006.40 2,762,60 TSE **300 lade**x:

To Our Readers

Montreal stock prices were not available Monday due to technical problems at the Associated Press in New York. We regret any inconvenience to readers.

Chevron Raises Stake In Japanese Venture

SAN FRANCISCO - Chevron Corp. has raised its stake in Karlonite Chemical Co. to 82 percent from
45 percent by buying most of the
equity belonging to Japan's Kao
Corp. Karouite is a Japanese maker
of labricating oil additives.

Chevron said Monday that as other partner in Karouite, Nomira Jimnsho Inc., raised its stake to 18 percent in the transaction. Terms were not disclosed. Kao owned 45

SPORTS

Oklahoma Wins, 29-10, **B**ut Loses 2 Key Players

NORMAN, Oklahoma — Top
NORMAN, Oklahoma — Top-Fluked Oklahoma found a way to downs as Nebraska improved to 9-0 best No. 12 Oklahoma State on overall and 5-0 in the Rig Eight. The Saturday, but now must find a way combuskers have out-scored conformal No. 1 without quarterback ference opponents by 229-15.

Florida State 34, Auburn 6: In

way and Carr went out with thee injuries during the Sooners' 29-

U.S. COLLEGE FOOTBALL 10 victory over the Cowboys; both will miss the rest of the season.

"We lost two great players," said Coach Barry Switzer. "Jamelle Hoheway will be operated on, and Lydell Carr has figament damage and will be in a cast for the rest of the season."
Holieway is Oklahoma's leading

ther this season with 919 yards, and Carr is second with 673. Substitute fullback Romei Anderson, a junior, entered the game

Saturday in the first series after Carr was injured. Anderson carried the ball 30 times for 191 yards. Before he was injured. Holieway added 123 yards, as the Sooners rushed for 413.

Holieway, a junior, injured his left knee on a run in the fourth

Switzer's career record to 146-25-4, putting him ahead of Bud Wilkinson as the winningest coach in the school's history.

The Sooners are 9-0 overall and 5-0 in the Big Eight Conference. Oldahoma State dropped to 7-2 and 3-2, with its other loss coming against No. 2 Nebraska.

Oklahoma will play at home next week against Missouri and finish the season Nov. 21 at Nebraska, a game that figures to decide the top team in the country heading into bowl season. The winner will play in the Orange Bowl.

placed by Charles Thompson, a freshman who has played exten-sively this season in the backup role. Anderson will replace Carr. Nebraska 42, Iowa State 3: In Lincoln, Nebraska, I-back Keith

Auburn, Alabama, Danny McManus threw three touchdown passes and Derek Schmidt kicked two field goals and four extra points to become the leading scorer in National Collegiate Athletic Association history with 370 points as Florida State took advantage of five first-half turnovers.

UCLA 52, Oregon State 17: In Corvallis, Oregon, Troy Alkman threw for two touchdowns and Eric Ball, replacing the injured Gaston Green, ran for three more scores. boosting seventh-ranked UCLA to 8-1 overall and 5-0 in the Pacific 10 Conference. Syracuse 34, Navy 10: In Annap-

olis, Maryland, senior quarterback Don McPherson completed 11 of 20 passes for 197 yards and touchdowns to wide receivers Deval Glover and Tommy Kane as bowlbound Syracuse improved to 9-0.

Clemson 13, North Carolina 10: In Chapel Hill, North Carolina, David Treadwell kicked a 30-yard field goal with 32 seconds to play, giving the Tigers, 5-1 in the Atlantic Coast Confe rence and 8-1 overall, a shot at

winning the league championship next week against Maryland.
Georgia 23, Florida 10: In Jack-sonville, Florida, freshman Rodney Hampton gained 103 yards, Lars Tate scored on two one-yard runs and Georgia held tailback Emmitt Smith to 46 yards in 13 carries Smith to 46 yards in 13 carries.

Michigan State 45, Purdue 3: In East Lansing, Michigan, Blake Ezor rushed for 151 yards and Lorenzo White ran for 144 to set up Michigan State for a showdown next week against Indiana. A vic-Switzer said Holieway would be tory would send the Spartans, 5-0-1 in Big Ten play, to the Rose Bowl for the first time since 1966.

Arkansus 10, Baylor 7: In Fayscored on a one-yard run with 47 seconds left to keep alive Arkan-

Dowkins 10-20 1-2 21, Robertson 8-17 4-4 20, Fouled out—Norte Reborads: Son Antonio 47 (Berry 9), Houston 52 (Clajuwon, McCray 111, Assists: Son Antonio 23 (Robertson 8), Hous-

Thorse 11-18 9-11 31, Theus 9-13 6-724; Flord 10-20 9-10 29, Mullin 9-17 4-4 22, Rebounds; Colden 8 tote 36 (Higgins 81, Socramento 57 IThorseon 12). Assists: Golden State 16

3 22. Orexier 8-12 6-8 22; Davis 8-18 7-8 23, Ed-

3 22, Orexier 6-12 4-6 22; Dovis 8-16 7-8 21. Edwards 9-13 3-3 20. Rebounds: Phoents 46 [Gil-Rom 9], Portland 2 (S.-Iolmson 71. Assishs: Phoents 29 (Dovis 8), Portland 30 (Porter 10). Seattle
L. Lutters
30 29 28 28-113
E. Johnson 8-18 10-11 26, Green 5-9 11-14 21; Chambers 10-22 8-1 20. McDontel 7-16 4-4 19. Rebounds: Seattle 43 (McDontel 9), Los Angelsa 5-6 (Green 12). Assishs: Scottle 24 (McAfillon 12), Los Angeles 21 (E. Johnson 81.

Harper 4-17 5-10 30, Daugherty 7-15 4-4 18. Rebounds: Cleveland 51 (Corbin 10). Atlanta 59 (Willis 11). Assists: Cleveland 21 (Price 6).

Bird 19-27 5-10 47, Ainge IB-18 6-8 23; M. Mo-lone II-24 10-11 32, J. Molone 10-21 7-7 23. Re-beamde: Boston 56 (Porish 131, Woshington SS (M.Molone 13). Assista: Boston 44 1 Johnson

11 2-4 14. Rebounds: Deiroit 57 | Rodmon 6), Alilwoukse 61 (Sikmo 10). Assists: Detroil 19

(Dumars 6), Milwoukee 27 (Pressry, Lucus 8). Socramente 17 23 27 34—188

Secrements 17 23 27 34—121 Utah 23 27 34—121 Malane 9-144-422, Stockton 9-121-1 19; Theus

Vondewighe 13-21 5-633. S. Johnson 18-18-6 24; Williams 11-21 3-4 25, Woodson 6-13 5-6 18. Rebounds: Perliand 67 (Caulenes, Ouckwarth 111, L.A. Cilepers 55 (Cureton 11). Assists: phe 13-21 5-633, 5. Johnson 16-184-8 t 11-21 3-4 25, Woodson 6-13 5-6 18.

English 10-19 7-8 27. Lever 5-16 6-8 16; Floyd 0-24 12-14 32. Curroll 6-14 8-10 20. Retounds:

rtignd 24 (Porter 13), L.A. Clippers 27 (Cur-

26 18 28 25 - 99

LA, Clippers



Oklahoma quarterback Jamelle Holieway, assisted by a coach, an official and teammate Pat Collins after injuring his knee.

sas's hopes for a Cotton Bowl bid. Dartmouth 12, Columbia 10: In sas's hopes for a Cotton Bowl bid.

Odis Lloyd intercepted a pass on the final play to seal the victory.

Alabama 22, Louisiana State 16:
In Baton Rouge, Louisiana, Bobby Humphrey rushed for 177 yards on 35 carries and scored on a 10-yard source level of the pass of the year fourth-period run to help Alabama hand I SI its first loss of the year. hand LSU its first loss of the year, onds left.

Chargers Rally to Down Colts, 16-13

goals Sunday, including a 39-capping a 47-yard drive.

Broncos rallied for a six-yard varder with 12 seconds remaining.

Dickerson had 103 yards on 24 tonchdown run by Sammy Winder yarder with 12 seconds remaining. ifting the San Diego Chargers to a carries in the first half, including 50 in the third quarter and a 15-yard. 28 victory over Tampa Bay. The Cardinals started the victory over the Indianapolis Colts.

The Cardinals started the quarter trailing 28-3, but I Eric Dickerson, making his first start for the Colts since his acquisition in a trade Oct, 31 with the Los . Angeles Rams, rushed 35 times for

NFL ROUNDUP

138 yards. But his fumble into the Chargers' end zone with four minutes to go led to the winning drive

Starting at their 20-yard line after the turnover, the Chargers drove 59 yards in 11 plays, including passes by Dan Fouts of 11 yards to Kellen Winslow, 18 yards to Wes Chandler and 11 yards to rookie Rod Bernstine. Three straight runs by Curtis Adams took San Diego to the Indianapolis 21, and Abbott kicked the winning field goal on fourth down.

It was the fifth time in its last six victories that San Diego, now 7-1 and atop the American Football Conference West, rallied to win in the fourth quarter or overtime.

The Colts dropped to 4-4. Dickerson, whose first-half running set up two field goals by Dean Biasucci and an eight-yard touchdown run by Albert Bentley, brought the Colts to the San Diego eight-yard line late in the fourth quarter. But Dickerson fumbled just short of the goal line on the next play and the Chargers' Mike iston recovered in the end

Fouts' passing brought the Chargers to the Colts' 25 on their first session of the second half, and Abbott kicked a fourth-down, 42yard field goal for San Diego's first

oints.
The Chargers got the ball back The Chargers got the ball back idway through the period at the Young Sailor: 'Only One First Time' midway through the period at the Indianapolis 40 after a fake punt on fourth down left the Colts inches short of a first down. It took six plays to reach the 19, and Abbott kicked his second field goal, from

He ran six times in a row, then went to the sideline as two runs by Bentley and a 10-yard pass recep-tion by Bill Brooks took Indianapolis to the Chargers' 30.

Dickerson returned and ran twice to the 14, and another six-yard pass to Brooks set up Beni-ley's scoring run, his third of the

Engene Daniel returned an intercepted pass off Fouts 34 yards to the Chargers' 15 early in the second quarter, but three runs by Dickerson produced only five yards and succi kicked his second field goal, a 27-yarder. Fouts was intercepted twice

more before halftime, and the Chargers managed only four first downs and 101 yards in the first two periods. Two first downs and 36 of the 101 yards came on their final possession in the closing seconds of the half, and Mike Prior's interception at the Indianapolis 10 as the period ended left the Colts with a 13-0 lead.

Bals 21, Broncos 14: In Orchard Park, New York, Robb Riddick ran for a touchdown and blocked a Denver punt to set up one of two three third-quarter touchdowns as Buffalo safeties as Buffalo beat the Browns defeated Atlanta.

A steady 25-mph wind forced Bills out-rushed the Broncos 258 to 76-3 in its last two games. Cleve76 yards to improve their record to 4-4, equaling the number of victories Buffalo had all last season.

48 state and has been decreased with 2:25 remaining. Cumingfalm completed 18 of 31 passes for 268 yards. Schroeder completed 16 of 46 passes for 265 yards and two tories Buffalo had all last season.

Cardinals 31, Bucraneers 28: In

By Angus Phillips.

Washington Post Service NEW YORK — Two and a half

years ago, Ernst Achi sent his daughter, Tania, who was then 18,

Palmas. Sabadell 5. ITALIAN FIRST DIVISION:

WEST GERMAN FIRST DIVISION

Woldhof Monthelm 1, Bechum 1 Borusala Dorfmudd 3, Stuttgart 2

Borusela Derhreutd 3, Stutteurt 2
Homburg 3, Koiserskullern 2
Bover Leverkusen 2, Homburg 0
Elaracht Fronkluf 7, Scholke 0
Borussia Mönch; gladbach 1, Honove Nuremberg 4, Korlsruhe 0
Boyern Munich 3, Boyer Uerdügen 0
Werder Brenten 2, Cologne 1
Points: Werder Bremen 25; Boyern Munich 24; Cologne 21: Borussia Molichenolad

13: Boyer Leverkuson: Hor

19: Stuttport 16: Nuremberg 16: Kortsrune

Schalke 10.

EMGLISH FIRST DIVISION

Chariton 2, Norwich 0

Lutan 4, Newcastle 0

Oxford 1, Coventry 0

Queens Pork 4, Watterd 0

West Hom a Sheffield Wedgesday 1

Wimbledon 2, Southarmston 0

Politis: Liverpool, Arseni 32: Queens Pork 12: Methodom 52: Northern United.

30; Nottingham Forest 29; Manchester United, Chelseo 25; Everton 22; Tothenham 21; Oxford 29; Withthedon 19; Southampton 17; Derby County, Coventry 16; Lutan, West Ham. Shef-

FRENCH FIRST DIVISION

Toulouse w Lille 1. Soint-Erk

ler 3. Le Ho

Peints: Monaço 27; Bordeaux 23; Antra Racing 21; Metz Saint-Eller

Transition

BALTIMORE—Acquired Joe Orsulok, out-fielder, from Piltsburgh for Terry Crowley Jr., shortshop, and Rico Rossy, third boxensio. KANSAS CITY—Troded Doney Jockson; pitcher, and Angel Solozor, shortshop, and Ted Power, pitcher. POUTBALL

sive end, on the reserve non-football (liness list, Signed Earl Johnson and Chris Sheffleld, defensive backs, Walved Derrick Romsey,

defensive backs, Walved Derrick Ramsey fight end, INDIANAPOLIS—Placed Chuck Banks

Cornerback Waiving June 1984 tockle.
SAN FRANCISCO—Resigned Darren Co-meaux. Hinebacker, Placed Tam Couleeou, linebacker, on minor injurae reserve.

DETROIT—Announced the retirement of Dove Lewis, defensement noticed Lewis on essistant cooch, N.Y. RANGERS—Traded Jim Leavins, de-

N.Y. RANGE RS---Traiged Jim Leavins, al-fensemen. In the Calpary Flames for Dan Marcier, compridetenseman. Sent Mercier to Calerade of the International League. Sent Marts Thorall, defensemen, to Colorado; re-called Dave Pichette, defensemen, from New Hoven of the American Nackety League; Sent Paul Poutliber, defendemen, from Calparate in Paul Poutliber, defendemen, from Calparate in

nesday 15: Portsmouth 14: Newcos-

ver fell to 43-1.

Vitings 31, Los Angeles Raiders 20: In Minneapolis, Wade Wilson came off the beach in the second half to pass for two touchdowns and run for another, leading Minnesota over the recting Raiders.

Minnesota quarterback Tommy Kramer, who was making his first appearance this season after recovering from a pinched nerve in his neck, yielded to Wilson at the start of the second half. Kramer, who led the league in passing last year, was 5-for-16 for 54 yards:

The Raiders, 3-5, who have lost king touchdowns. Rusty Hilger was picked off three times before being replaced in the third quarter by Marc Wilson. A fumble by Bo Jackson also led to a score for Minnesota, now 4-4. Browns 38, Falcons 3: In Cleve-

land, Bernie Kosar threw his longest pass of the season, a 54-yard touchdown to Webster Slaughter, to snap the Browns out of a first-half hall and Earnest Byner scored

Atlanta, 2-6, has lost all three of its games since the end of the playboth teams to the ground and the ers' strike and has been out-scored

Compiled by Ow Stuff From Disputches

San Diego tied the score early in Denver, the defending American St. Louis, Neil Louis Niel Lo Broncos rallied for a six-yard spark St. Louis to 28 fourth-quarter points and give the Cardinals a 31-

The Cardinals started the fourth quarter trailing 28-3, but Lomax rallied them. J.T. Smith hauled in a 17-yard touchdown strike from Lomax with 2:01 left to push the Cardinals ahead 31-28. Lomax drove the Cardinals 80 yards in eight plays to the winning drive.

Steelers 17, Chiefs 16: In Kansas City, Missouri, Gary Anderson, 90 seconds after missing a 41-yard field goal, drilled a 45-yarder to give Pittsburgh a 17-16 victory over Kansas City and hand the Chiefs, 1-7, their seventh consecutive loss, tying a club record.

Faples 31, Redskins 27: In Phila-delphia, Randall Cunningham's five straight games for the first time third touchdown of the game, a 40-since 1964, had four passes inter-yard completion in the end zone to cepted, three leading directly to Vi-Gregg Garrity with 1:06 remaining. yard completion in the end zone to Gregg Garrity with 1:06 remaining, rallied Philadelphia over Washing-ton for probably the Eagles' most important win since the Super Bowl season of 1980.

The Eagles, who evened their re-cord at 44, snapped a five-game Redskins winning streak with a sixplay, 77-yard drive in which Cunigham completed four passes for

The Eagles rallied for their third straight victory after Washington edged ahead. 27-24, on a five-play, 75-yard drive, capped by Jay Schroeder's 47-yard touchdown pass to Gary Clark in the end zone with 2:29 remaining. Cunningham

SCOREBOARD

National Basketball Association Standings Milwookee 29 31 26 22—106 Sesion 29 33 31 29—125 Bird 12-22 3-3 26. Roberts 7-10 6-8 20; Cum-inings 10-186-926, Breuer 9-185-627, Roberts Milwookee 41 , Sikma 11), Bostou 71 (Bird 15), Assista Milwookee 16 (Pressey, Reynolds, Material All, Excess 26 (Rick), Lohpson El. MASTERN CONFERENCE

·Philodelphia	1	1	.500	1
New Jersey	ō	i	.000	11/2
Now York	0	2	.000	2
Washington	Ď	2	.000	2
	ol Division	<u> </u>		
Affanta	2	0	1.000	_
Chicoog	. 1	Ö	1,000	W
Cleveland	1	ï	.500	1
Detroit	1	ì	.500	1
and land	1	1	.500	1
Milwoukes	1	1	.500	1
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Midwe	of Divisio	0		
		W	L Pct.	GB
Dalayen:	2		1,000	_
to eston	1	0	1,000	Va
Deffes	1	1	.500	1
Secromento	1	1	.500	1
Son Antonia	1	1	.500	1
Utoh	1	1	.500	1
	c Division			
Portfond	2	0	1,000	-
LA. Lakers	1	0	1.000	17
Secritic	1	1	,500	1
Golden State	0	2	500	2

LA. Clippers 0 2 .000 2 0 2 .000 2 0 2 .000 2 27 27 26 27—116 21 30 26 23—106 orper 10-163-1-20 ns 10-16 3-6 22, Gminski 7 Geveland 54 (Hubb per 10-165-1426, CUTTY 9-162-320; B. Wil

14 24 25 24- 95 Pelikulaphile 27 27 22 23—189
Borkley 19-13 8-9 29, Hinson 5-16 2-5 19; Perton 9-16 2-4 21, Tixtighte 8-20 6-8 18, Rebounds:
Indiana 44 | Wifiliams 121, Philiadelphila 49
(Hinson 121, Assists: Indiana 26 (Person 7),
Philiadelphila 29 (Cheeks 10),
Washiasten 19 25 25 24—97

Washington 19 28 26 24— 77
Articula 34 29 15 26—174
Wilkins 11-20 11-12 34. Willman 7-14 0-0 16;
M. Motione 6-12 20-23 32.Calletipe 4-7 3-6 11.
J. Akolone 5-18 -0 0-11. Welker 4-8 3-6 11. Rebeunds; Washington 44 (M.Melone 12), Affante 49 IWilkins 14]. Assids: Washington 17 I Bogues 6), Affanto 30 (Webb 10).
New York 22 32 27 23— 99
Detroit 25 21 28 35—118
Thompons 6-148-1621, Solley 7-9-54 19; Wilkins
10-20 5-6 25. Cummings 6-11 5-5 17. Rehowels::
New York 44 (Ewing 9), Detroit 57 (Latinber
12]. Assids: New York 24 (Jackson 7), Detroit
17 (Johnson 5).

Tennis

Men's Tournaments

(A) Peria)
Quarterinals
Quarterinals
Henri Laconte, Fronce, del, Put Cosh (2),
Austrulia, 6-4, 3-7 (5-11), 6-3, 7 tm Mayorte (5),
LS., def, Arnes Manedorf, Isroel, 6-4, 6-2, Brad
Silbert (7), U.S., def, Kevin Curren, U.S., 7-3, 6-1,
Altchiel Schapers, Netherlands, def, Yonyick Noch (3), France (defaut),
Semillands
Mayorte def, Leconte, 6-3, 4-6, 6-4,
Gillbert def, Schapers, 7-5, 5-7, 6-4,
Finel

(At Steckholm) det. Mott Anser, U.S. 62, 64; Stefan Ediscon, Seeden, det. Mott Anser, U.S. 62, 64; Stefan Ediscry 111, Sweden, def. Peter Lunggren (S), Sweden, 6-1, 7-6 (7-4); Anders Jornyd (S), Sweden, def. Mortin Louvendens, Canada, 6-2, 6-4. neson (7), Sweden, del. Jim

Semificals
Editory def. Jarryd. 6-4-6-2.
Svenuson def. Gustafsson. 6-3-6-4.
Physi.
Editory def. Svenuson, 7-5-6-2-6-4.

Women's Tournaments

(At Wordester, Massachusette) Quarterfloois Chris Evert (1), U.S., def. Barbara Potter (7), U.S., 1-4,4-1,6-3; Pant Striver (2), U.S. del. Bettino Bunge (4), Monoco. 6-4, 6-4; Gobrielo Sabotini (3), Argentino, def. Lori McNell (5), U.S. 6-2.6-3: Heleng Sukova (4), Czecho to, def. Eva Plati, West Germany, &2. &1.

Semilinals Shriver del. Sukova. 7-5. 6-3. Evert del. Polter. 1-6. 6-1. 6-3. (A) North Little Rock, Arkunsos)

I'ye 'se net Union del. Monon Balkerot, Net ner_ 4 L 4 L. Sandra Ceschini III. Ilais. ortung. 4 L 6 I. Sonara Lecenni III. unas-del Hiroha Sorine, U S. 6 4 62. A 166 Smith. U S. del Suran Slovin, U S. 62, 62. I service del Sarihania. 6 L 6 I service del Sarihania. 6 L 6 I service del Sarihania. 6 L 4 3

Basketball



New York 29 17 26 25—95
Indiana Person 11-16 4-5 29, Williams 5-11 4-5 12, The Market 11 2-3 18. Rehounds: New York 56 (Ewins 1-11 2-3 18. Rehounds: New York 56 (Ewins 11), Indiana 51
IWilliams, Tsadie 7), Assists: New York 16
Lockson 5), Indiana 25 (Flemins 4),
Cleveland 27 24 21 33—344
Attento

Football

Selected U.S. College Results

Allred 48, Rochester 20
Amherst 13, Trinity 10
Brockper 81, 7, Hamilton 0
Brockper 10, Lethight 7
Charles 34, Bosson U. 7
Carsi Guard 50, Stena 0
Cassi Guard 50, Stena 0
Foothorn 45, Paca 28
Holy Cross 41, Harvard 6
Ithoda 37, Certland St. 13
Moine 28, New Hompshire
Northeastern 21, Rhode Isk
Penn 22, Latavette 14
Pithburght 17, Rulgars 0
Evracuse 34, Norv 10
Tuffe 27, Celby 10
Villaneva 44, Massochuseli
West Virginia 2
Virginia 5
Virginia 5
Virginia 6
Villaneva 7 42 (Robertson 12),
Philodelphile 21 23 25— 94
Chicaye 22 35 24 18—184
Lordon 15-25-103A. Sellers 6-132-2 14; Barktey 12-15\$-1034, Wingotle 8-24 1-(17. Rebounds:
Philodelphile 44 (Barkley 10), Chicaga 49
(Cockley 21), Assists: Philodelphila 17 | Barktey 71, Chicage 25 (Paxson 7).
Detrett 24 21 21 33—185
Milwasket 22 44 28—117
31kmp 9-19-8-26 Pressary 5-14 14-137; Donl-

Clemson 13. North Carolina 10 E. Kentucky 44. Tennessee Tech 6 E. Tennessee St. 29, N. Carolina St. 14 18-21 8-12 28, K. Smith 5-10 4-4 14. Rebounds: Socramatic 54 (Pincknity 9), Utah 45 (Malane 101. Assists: Socramento 19 (K.Smith 7), Utah East Carolino 31, Temple Florido St. 34, Auburn 6 Furmon 36, VMC 0 Georgio 22, Florido 10 Miorni (Fic.) 54, Miorni 10 Penti St. 21, Maryland 16 SW Texas SL 24 McNeese St. 10

Vanderbill 36, Kentucky 29 Virginia 23. Georgia Tech 14 W. Virginia Tech 61, Dgyldson 25 Wake Forest 30. Duke 27 William & Mary 21, Bucknell 6 Seaffle 22 26 28 24-11z E(0) 10-17 7-10 27, McDoniel 0-18 1-2 17; Do-vis 8-14 4-4 20, Adams 6-13 3-5 15. Rebounds: Phoenix 51 (Adams, Cost 7), Spattle 75 (Ellis 111. Assists: Phoenix 25 (Adams, Harnacek 5), Seaffle 27 (McMillon 10). Bowling Green 30, Kent 61, 20 10-24 12-14 32, Carroll 6-14 8-10 20, Rebounds: Lienvor 56 (Lever 10), Golden State 57 (Car-roll, Mullin III Assists; Denver 18 (Lever 7), Indian Mullin 16 (Flord 6). Illinois St. 17. N. Michigan 10

Iowa 32, Northwestern 24
Konsos St. 17, Kansos 17, Ife
Michigon 36, Minnesola 20
Michigon 51, 45, Purdue 3
N. Illinois 22, W. Illinois 14
Nebrasco 42, Iowa 51, 3
North Dakota 30, South Dokota 29
North Dakota 30, South Dokota 29 rearm Daktors 30, South Daktors 24, Natre Dame 32, Baston Col. 25 W. Michigan 31, Ball St. 16 Wisconsin 24, Chie 52, 24 Weaster 14, Oberlin 6 Younestown St. 39, Murray St, 13

Air Force 27, Army 18 Arizona 21, Washington 21 Arizona Si. 37, Oregon 13 Baise St. 36, Newston Reno on 21. lie

CFL Standings

W L T PF PAPIS 12 5 6 536 389 24 x-Brit Clmb

Salurday's Result

SOUTNWEST
Arkonses St. 27, N. Texas St. 20
Mouston 65, 27, N. Texas St. 20
Mouston 60, Texas 40
N. Arkonse 24, Tutas 20
Oklahonse 24, Oklahonse St. 10
Texas Texh 26, Texas Christian 35
W. Texas St. 32, NW Missouri St. 2 FAR WEST . Arizona Sl. 37, Oregon 13
Balse St. 38, Nevada-Rena 31
Bripham Young 38, Son Dieso St. 21
Colorada 27, Missouri 16
Idaha 14, Montana St. 7
Montana 63, Idaha Sl. 0
Nev-Las Vegas 38, Long Beach St. 17
Sauthern Col 39, Stanford 24
Texas-El Pass 38, Urbh 24
UCLA 52, Oregon St. 17
Illiah 31, Oregon St. 17
Illiah 32, Oregon St. 17
Illiah 32, Oregon St. 17 Summeter 1 2 2-5 Gretzky 2 (12), McCletiand 2 (5), Krustel-nyski (4), Stets on soot: Suffero (on Fuhr 12-10-4-6); Edmonton (on Borrosco) 7-15-12-14. Vescoyer 2 6 2-4 Allenesste

European Soccer

SPANISH FIRST DIVISION Real Modeld & Atletico Modeld & Real Magna 4, Arietta 4
Barcelona 2, Celia 8
Gilon 2, Athletic Bilbon 2
Marcla 2, Loprones 3
Betis 3, Cadiz 2
Volkadila 8, Sobodell 8
Real Sociedad 1, Majorca
Chesuna 8, Español 8
Zapenesa 2, Volkadia 2

Caesuna 4, Esponon y Zarogoza 2, Volencia 2 Los Polyros 1, Savilla 2 Paiata: Real Modrid 17: Alletico Madrid 16)

Hockey

NHL Standings WALES CONFERENCE

	W	L	T	Pts	GF	GA
NY Islanders	9	4	1	19	67	42
· New Jersey	9	•	0	10	21	40
Weshington	7	•	1	15	47	43
Pittsburgh	3	7	3	13	55	57
NY Rompers	4	9	3	11	63	71
Philodelphia	4	•	2	TØ	39	59
	ams C	Ilvia	Jon			
Montreal	,	•	3	21	66	2
Quebec .		5	1	17	56	47
Buffolg	•	3	3	15	50	54
Boston	•	٠	Z	16	53	52
Hartford	- 5	7	2	12	42	21
	ᇿᅃ			ENC	E	
· No	rris Di	visi				
	W	L	T		GF	GA.
Toronto		3	8	16	43	55
Detroil	•	٠	2	16	45	47
Minnesoto	•	•	2	13	47	50
Chicago	3	7	2	12	58	43
St. Louis	•		1	•	42 .	50
San	riber D					
Edmonton	9	3	1	19	72	2
William 1989	7	3	0	14	44	4
Colgary	•	3	2	16	53	51
Vancouver	•		1	9	44	2
Los Angeles	4	9	1	9	3 7	58
FRIC	AYS	RE	ועצ	-TS		

FRIDAY'S RESULTS

Heritord
Detroit
1 1 1 1-4
Yearmon (10), Ashton (6), Kocur (1); Dinear (5), Shots en goot; Horitord (an Status) 6-7-14-99; Detroit (an Llut) 7-9-11-97.
Quebec

Wisshington 6 1 6-1
Recibers (7), Goulet 3 (11), Instruct (2);

Wisasipeg
Small 2 (4). Corivie (4). Neutriel (6), Shen
12), McBoin (2); Presley (5), Larmer 2 (10).
Shets on goot: Chicogo Ion Berthlawnel 4-1012—24; Winnipes (on Pangl 13-17-12—42.
SATURDAY'S RESULTS

Neelv | 101, Simonetti | 11, Middleton 2 (51; Underwarth (7), Skats an east: Pilisburgh on Keans) 2-7-8—17; Baston Ion Riogin) 13-9-

Howarth (6), A. Stockny (2), P. Stockny (15), Gittle (2); Ferroro (2), Francis (6), Tur

St. Louis 0 2 1~4
Toronto
Foderko (3), Whistle (1), McKasnev (4),
Benning (1); Leeman (4), Courinali (10), Semenico (2), Suets en geoti: St. Louis (en Besher) 9-13-4-26; Toronto (en Womsley, Millen)
11-4-13-6
Buffield

Alineseta 6 6 1-1
Smyl (3), Adome (12), Tombelfill (3), Bensins (11); Bellows I (0), Shefts M geal: Vortcouver (on Beoupre) 7-10-13—30; Minneseta (on McLeton) 7-11-12—30.
Philesetable Apparture.

Americal

Americas (1), Lemieux (3), Dohlin (5), Richer 101, McPhes (7); Prose 2 (5), Tocchel (4), Ancilonity (3), Shelt on deat: Philodelphia (an Hayword) 51,55–32; Montreal (on Haxhall) 11-6-11-26.

RLY, Respect N.Y. Rompers
Las Ambeles
Las Ambeles
Erickson (1), Fex (2), Nicholis (2), Ferman
(3), Robitelitie (5); Gronstrand (3), Debiels
(2), Dianne 2 (11), Shorts on evel: New York
(an Melansen) 12-9-11—32; Las Angeles (an Vamblesbrouck) 13-9-11—22.

in a tiny sailboat because she would not do her homework. To the astonishment of many, she made it, and on Friday New

York welcomed home one of its own as frazzle-haired, free-spirited Tania and her world-weary sloop Varuna came wallowing in off a windswept sea to a heroine's welcome, including a windy missive from President Ronald Reagan.

Thousands convened to greet her at South Street Scaport, where she rudimentary navigation skills, tied up the maroon, 26-footer (7.92-meter), officially ending the "One day I said yes, we ordered

ITALIAN FIRST DIVISION

Availing 1, Sarudoria 2
Ceseng 1, Florenting 0
Comp 0 Napoll 0
Empoll 2, Rome (
Inter Milan 2, Ascoll 2
Pescore B. AC Milan 2
Pisa 1, Juvenitys 2
Yotisio J., Vescond 1
Poletti Isederis; Napoll 14; Sarupdoria 12;
AC Milan 11; Roma Juvenitus 10; (inter Milan, Florentina, Inter Milan 9; Verona, Torino 8;
Ascoll, Pescore 7; Como, Pisa, Casend 5;
Availine 3; Empoll -5. journey of a lifetime. the Mediterranean Sea and the went on "pure dumb luck." North Atlantic, surviving capsize, a

set out to do," she said, smit "But I'm still not sure I can quit smoking."

Tania Achi's story is one for the books, even if the record books do not seem interested. She would have been the youngest person to sail around the world alone, eclipsing 21-year-old Robin Lee Graham's record by a matter of days, except for an oversight that rendered her ineligible.

In Samoa, she gave a hitchhiker a ride 80 miles (129 kilometers) between islands, and because she nev-er went back to cover the stretch Bridge. Varuna's small auxiliary alone, keepers of sailing records say engine had died again, as it had her 27,000-mile voyage does not often during the trip. classify as single-handed.

She doesn't care. "It was like taking someone from conference on the dock. here to Atlantic City," Achi said of the lift between islands. "I didn't "Oh, all the time." think it would matter. The island

was in sight. To me, a passage was

weeks, months."

Achi's father conceived the idea to send his daughter around the world alone when she proved a difficult student and refused to go to college after graduating from an mative New York high school called City As School.

off on a trip around the world alone She was working as a bicycle messenger when he made his offer: Achi, a surrealist painter, would buy the \$40,000 boat and lend it to her if she would support herself by writing as she went. Ten of her articles have appeared in Cruising

World magazine. Erust Aebi, a sailing novice, had taken his three children across the Atlantic in a 38-foot boat the year before. So Tania, with only that experience, struck out without even

Ourney of a lifetime.

the boat, and then it was too late,"

And what did she learn from the she said. "I left knowing nothing." last 30 months, in which she rode She finally figured out celestial the Red Sea, the Indian Ocean, the navigation when she got to the Ga-Pacific Ocean, the Panama Cami, lapagos Islands. Until then, she

Despite the public acclaim, collision with a freighter and long which drew a dozen television bours of depression and loneliness? crews Friday, she does not regard crews Friday, she does not regard "I learned that I can do what I her achievement as such a big deal.

"I keep wondering why all these people are here," she said. "I try to look at it from the perspective of a nonsailor - sailing off into the sunset and all that.

"But to me sailing is just a way of getting from one place to the next. It's nice sometimes and sometimes

Several hundred people bought nickets Friday aboard the 125-foot Andrew Fletcher, which bucked strong winds to meet Achi as she was towed in the last few miles

With self-effacing honesty, Aebi fielded queries at a crowded press

"Did you pray?" she was asked. "Oh, all the time." "Tell us about your worst mo-

"Well, when you see water kneedeep in the cabin, you ask some questions. Regrets?

"It will never be the same as this again," she said later. "There's only one first time."



Argentina Beats Australia in Rugby

A late surge by Argentina, in striped shirts, produced a 27-19 upset Saturday in Buenos Aires, with captain Hugo Porta supplying 23 points. After a previous draw, Australia's defeat meant the loss of the two-test rugby series. Meanwhile, Wales scored eight tries and racked up a 46-0 demolition of United States in Cardiff,

International Herald Tribune

ARIS — Geoff D. Read is a 32-yearold marketing expert from Dublin who wears a blue blazer, carries an attaché case and is tired of Ireland's image as the land of shamrocks and leprechauns. But the lift of Irish laughter undoubtedly accompanies him all the way to the bank because he has opened a world market for one of County Limerick's chief products: rain.
It isn't that Geoff Read sells rain — that

would smack of the blarney he so dislikes - but that he markets the result of an annual rainfall of five million cubic meters

MARY BLUME

that is trapped in a limestone aquifer of the lower Carboniferous Age. In other words, he sells mineral water.

His Ballygowan Irish Spring Water, in a distinctive green bottle, is sold not only in Ireland but in continental Europe and, as of a few weeks, in four test markets in the United States where it is distributed hy

He has even made inroads in France. where a ship chandler in Brest takes on Ballygowan in tins and where, in 1986, Read wan the international grocery oscar at a Paris trade fair for the best nonalcoholic beverage.
"That was very pleasing," he says, "be-

cause the judges were sitting with bottles of Perrier when they presented the oscar. I said next time I was up there I'd expect to see them drinking Ballygowan." Perrier had 95 percent of the Irish mineral water market in 1984, when Ballygowan was launched, Read says. It now has only 15

The Ballygowan spring is on the site of the 800-year-old St. David's well, which refreshed the Knights Templar on their way to fight the infidel. The spring is next to a handsome Norman ruin, Desmond Castle, and is located in the midst of lush

"I hate to say it but the water was used to cure madness," Read says, "to cleanse peo-ple of the fairies. It sounds weird but I'm sure it meant something in those days." Read would as soon consign the fairies to the Celtic twilight and isn't really thrilled that on the U.S. label Desmond Castle looks rather Disneyish and twee. Nor is he thrilled that the U.S. distributors

will make their hig push towards St. Patrick's day, a holiday not noted for consumption of mineral water. "The ethnic market may be there hut there's no historical evidence that they buy Irish products over all others. I don't think the shamrock and teprechaun image helps sell high quality consumer products. His pitch emphasizes that the spring is in

the southwest corner of Ireland where pre-



"A kick out of people drinking something that came out of the air."

vailing winds assure protection from acid rain and pollution. Nn pesticides or herbicides are used on the land surrounding the spring, and there is no industry or intensive

"Ireland is so easily associated with fresh springs and green fields and parity in that Read says. "That's our real

Read thought of the name Ballygowan

"I thought it had a nice ring to it" before he actually had a product. He came to mineral waters via studies in electronics and a job in London with a shoe company where he learned about marketing and became a designer of cowboy boots because that was what customers wanted. "It was marketing in a very pure sense," he says.

Read, who is 6 foot 3, kept banging his head against doorways as he ambled about in his high-heeled boots and he had sore feet because the toes were very pointed. He returned to Ireland in 1979 and took a government-sponsored start-your-ownsiness course, supporting himself as a landscape gardener and male model and

deciding that mineral water was the ideal product to sell under the Ballygowan label. "The weekends would be spent filling bottles of water and bringing them to my parents' house and labeling them on the kitchen table." Market testing showed a good response and he went south to find a

He found the company's present spring, which was at that time the site of a soft drink bottling plant run by Richard Nash. In 1984 Nash and Read went into partnership (Anheuser-Busch Beverage Group Inc. took over a majority share in 1986) and Read's present position is marketing director. The Ballygowan range consists of flat and sparkling waters and fruit-flavored

The more people told me I was nuts the more I was determined to prove them wrong," Read says, Today Ballygowan is used as a case study for marketing courses and Read's photograph is used to promote the start-your-own-business scheme he

participated in.

With a strained budget, he was quick tn

"What's a Kerry cool
"Ballygowan and water."

soon learned that no one would take of-fense at being seen with a glass of Irish water. Ballygowan was adopted by politicians of all parties.

"I used to push the product in front of them when they were having a press conference. Eventually they started doing it themselves so that every time they were on the television or in newspapers, in front of them was lined up bottles of Ballygowan."

The heavily carbonated sparkling water has a strong flavor because of its high calcium, low sodium content. Aside from cleansing users of the fairies, it should help prevent cholesterol buildup, but Read doesn't want to emphasize the health angle.

'In me that's a different market. These are the extra things we have to offer — that it tastes better, that it's Irish, that it comes from the western seaboard of Europe, it's from a source that was discovered 800 years ago, it's a hard water which is very much in vogue now. To play up the health thing is to negate the rest."

Ballygowan has been used to cure ecze-ma but then it has also been put in car batteries and radiators. "I met a guy who cooks carrots in the sparkling water be-cause it makes them nice and fluffy." Irishmen who don't give a fig for fluffy

carrots drink their Ballygowan with vodka or with white wine in a spritzer. They don't, like Perrier drinkers, add a slice of lemon. "They're much less into dressing up drinks in Ireland than they are in the States. For example, they don't chill the glasses, they very rarely chill the bottle. Presentation is a problem - so many people just pour it into a glass and give it to

Read hopes in 1988, with the opening of the U.S. market, to do a volume of eight million Irish pounds. The Irish turnover is 2.5 million pounds and there are thoughts inf turning the company's 40 acres of land into a tourist attraction (Anheuser-Busch is also in the theme park business) which means that, despite Read's prejudice, leprechauns and shamrocks will abound. There is also talk of a cosmetics branch, the product being a natural for a moisturizer.

All in all, not a bad start for the mere product of a heavy rainfall. "Money isn't the motivating factor," Read says. "I get a great kick ont of people I've never met before drinking something that just came out of the air."

Romantic Ireland may be dead and gone, but marketing and blamey may not, after all, be that far apart. In any case, to satisfy tradition, Read says there's even an Irish joke about his product, directed at the country's supposedly slow-witted southerners.

"What's a Kerry cocktail?" he says.

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LANGUAGE

A Crash Is a Fall Is a Drop Is a .

By William Safire WASHINGTON — On black Monday, crash was the word most frequently used at first to describe the 508-point drop in the Dow Jones industrial average that occurred Oct. 19, 1987, a day that many investors think will live in infirmity. Donald T. Regan, former Treasury secretary, called C-Day "black and blue Monday." a nice play on the battered image of "black and blue" with the traditional bad-news sense of "black [whatever] day" and the don'twant-to-go-back-to-work sense of "blue Monday."

However, some considered crash evocative of the "crash of '29" -to be alarmist.

Among politicians, Senator Paul Simon called it a phange, Jesse Jackson broadened it to a crisis, Governor Mike Dukakis preferred the milder slide and Representative Jack Kemp used the mildest drop. White House aides used panic, stressing the unfounded and irrational nature of the cause of the sharp downward move of investor confidence, although President Reagan in his subsequent news conference preferred the upbeat

In the news business, The New York Times used both phange and drop: "Stocks Plunge 508 Points, A Drop of 22.6%"; later in the week, sensitive to the scariness of plunge, the Times gave readers a lesson in synonymy: "Stocks Fall, But Avert

The Associated Press alternated between plungs and decline; at The Washington Post, drop was the key verh with plunge in the subhead, although its financial columnist, Hnbart Rowen, chose the more viv-

In a column immediately after the event. I used the less formal nosedive. An editorial writer on The Washington Post preferred nasty fall hut the Times's editorialist observed that "words like crash did not suffice; it was, people said. more like a meltdown.

Meltdown, offering the alliterative market meltdown, showed signs of becoming the noun of choice (Haynes Johnson, a Washington Post columnist, was even more alliterative with the frantic, fearful falls of Black Monday).

meltdown or not," said John J. nouncing early in the campaign,

Phelan Jr., unflappable chairman of the New York Stock Exchange, apparently responding to the use of the word in a question, "I wouldn't want to be around for one worse than this." USA Today headlined this as "Market 'Meltdown," grasping firmly at the aforemen-tioned alliterative possibilities.

(The most recent sense of the term is "ultimate nuclear-reactor accident," although the word meltdown originated in the ice-cream industry in the 1930s, according to the vanilla king Norman Beck of Beverly Hills, California.) Let's hit the thesaurus key on the

Xywrite word-processing program and see what is left to denote a sudden fall: tumble is still available, though that has a jocular quality, and setback and downtum are far too mild. Shamp does not have the requisite suddenness in decline for this financial terminology, since it is often used as a synonym for "mild recession." Here's a good verb: phimmet, from the Latin for the heavy metal we call lead, which sinks faster than most elements. This thesaurus does not have shakeout, a market term falling between the harsh crash and the more neutral drop.

Fall does not have the needed

suddenness, or quality of the unexpected, implicit in crash or even drap, but do not underestimate this short verb; it recalls the fall of the rebellious angel. Lucifer, and post-mortems on the market are sure to be headlined "After the Fall." Hence, loathed Melancholy: re-

bound has its family - bounceback, snapback, comeback, recovery, etc.

HE Presidential Campaign Hotline is a computerized information service put out by the American Political Network. I was down-loading its stuff the other day when came across a memory-jogging statement by Democratic presidential candidate Paul Simon of Illinois. (Download is computerese for "receive from a larger computer into a smaller unit," the opposite of upload, "send from a smaller to a larger computer" - both locutions out of offload, an 1850 South African expression meaning "unload," and the even earlier overload, a I553 compound.)

Senator Simon had previously "Whether today was a financial endeared himself to me by an-

putting down both neoconscryatives and neoliberals (actually smon is a post-modern neoliberal which means "old-fashioned No. Dealer"). He told a San Annais audience, "On fiscal policy, I an

audience, "Un listal ponty, I am conservative."

That triggered a synanse in my head attached to "dynamic conservatism," a semi-oxymoron favored by President Eisenhower, who am fiddled around with "moderne"." A dia Symanata. progressivism." Adlai Stevenson of

Illinois, preparing to run againg the unbeatable like for the second time, had this to say:
"I am not sure what dyname moderation or moderate dynamics. means. I am not even sure what it means when one says that he is a conservative in fiscal affairs and a liberal in human affairs. I assume what it means is that you will strongly recommend the building of a great many schools to accommodate the needs of our children, but not provide the money."

A similar instance of unconscious harking back came out of the mouth of Nicaragua's Daniel Ortega Saavedra. Asked why he re-fused to conduct direct talks with the contra leader Adolfo Calero Ortega said, "We have nothing to talk about with Mr. Calero, because the owner of the circus is Mr Reagan. We have to talk with the owner of the circus and not with the clowns."

The predecessor metaphor was in a line attributed to Winston Churchill. When the British ambersador in Rome asked Prime Minis. ter Churchill whether it would be wiser to raise a question with Min: solini or with Il Duce's foreign min. ister and son-in-law, Count Galeazzo Ciano, the British leader replied: "Never hold discussions with the monkey when the organ grinder is in the room."

If this keeps up, we will form into a nation of paramnesiacs, all with a sense of deja-voodoo economics, I a piece on the collapse, drop of Aprice Solestical at the rolling readjustment of the solestical at the similar market, suggesting some "had been taking credit for the rain and must now take the hlame for the drought." That was an unconscious steal from Dwight W. Morrow, the banker who became President Coolidge's ambassador to México.

said around the car in after to threats to distant as very ment

orde.

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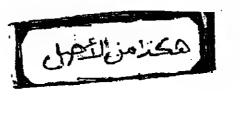
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